U.S. **WORKS PROGRESS ADMINISTRATION**

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A SURVEY OF RELIEF AND SECURITY PROGRAMS

by

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MAY, 1938

Washington, D. C.

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INTRODUCTION

During the depression years, the United States was confronted with a problem of insecurity of unparalleled intensity. Unemployment deprived millions of families of their source of livelihood; part-time employment provided many wage earners with incomes too meagre to support themselves and their families; declining agricultural prices and extensive droughts impoverished a large segment of the farm population; and business failures and investment losses brought many more to a state of distress. To meet this problem of poverty, the Federal Government finally embarked upon a far-reaching program of relief and employment. Since 1932 the Federal Government, in collaboration with the States and localities, has been slowly shaping a program of security to meet the needs of those who have no income or whose income is insufficient for adequate support. The financial outlays for this broad program have been large and such outlays will undoubtedly constitute a major item in future budgets.

Federal relief policies have taken varying forms during the years since 1932 and at present the Federal program includes two principal parts: the Social Security program and the Works Program. At the same time, the States and localities are conducting a general relief program for those destitute persons who are ineligible for, or unable to obtain, assistance from the Social Security program or the Works Program.

Under the Social Security Act, the Federal Government is providing financial assistance to those States which have approved plans for aid to such classes of persons as the destitute aged, the blind, and mothers with dependent children. Through these public-assistance provisions of the Act, benefits were being provided, in January 1938, for 1,609,000 aged persons, 45,000 blind persons, and 218,000 families with dependent children. Unemployment compensation programs are now operating in 25 States, and early in April 1938, some 800,000 unemployed were receiving benefits. In future years when the Social Security program is in full effect, the old-age-benefit program will also play an important part by bringing large groups within the security program.

Under the Works Program, 2,951,000 persons were receiving employment on March 26, 1938. Of these, 2,395,000 were employed by the Works Progress Administration, the remainder receiving employment through the Emergency Conservation Work program, the Public Works Administration, and other Federal agencies cooperating under the Works Program in furnishing employment. The sharp decline in business activity in the closing months of 1937 and the consequent rise in unemployment required an increase in WPA employment. From a low level of 1,451,000 in September 1937, WPA employment increased to over 2 million in February and, for the week ending April 2, 1938, to 2,445,000. During April the total is expected to reach 2,500,000. To permit this increase, Congress appropriated an additional $250,000,000 for the WPA (approved March 2, 1938).

In addition to the persons benefiting under the Social Security Act and the Works Program, approximately 1,915,000 families and single persons were receiving direct relief from the States and localities in January 1938. This represents an increase of over 600,000 cases since September, due in large measure to the increase in unemployment.

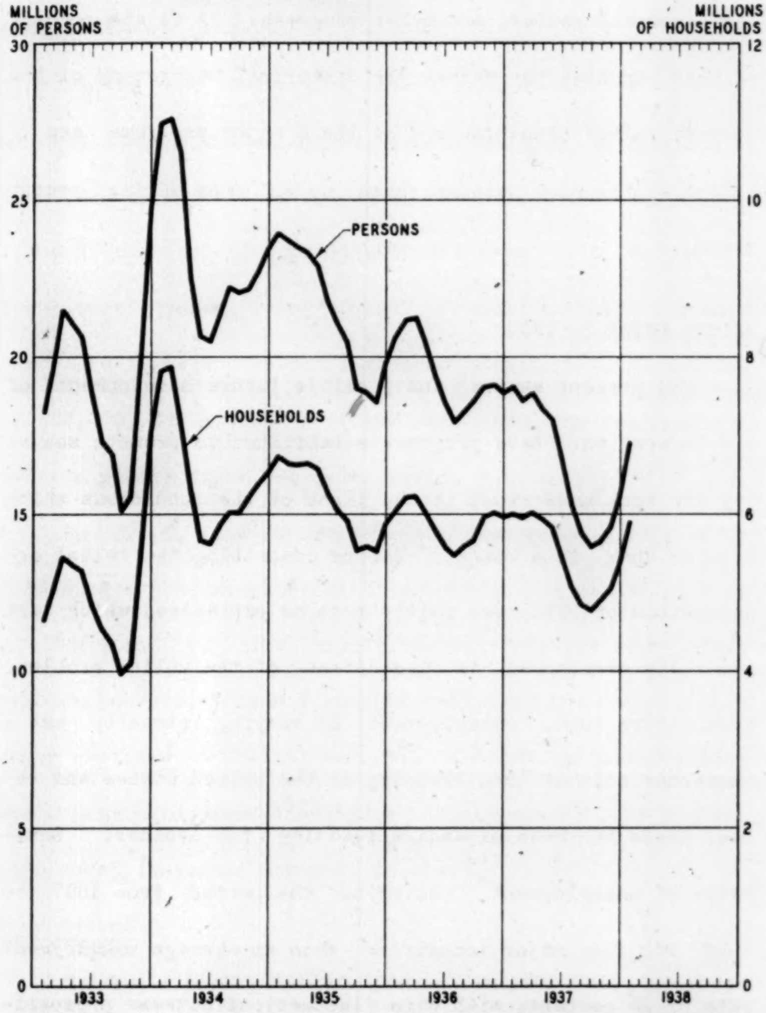
The magnitude of the various relief and emergency employment activities since January 1933 can be seen from the data presented in table 1 and chart 1, showing the number of households (families and single persons) and the total number of persons aided by these governmental programs. The peak occurred in February 1934 when 7,879,000 different households, representing 27,606,000 persons, received benefits. The major programs which make up this series include

Table 1.- ESTIMATED NET TOTAL NUMBER OF RELIEF AND NONRELIEF HOUSEHOLDS AND PERSONS RECEIVING RELIEF, WORKS PROGRAM EMPLOYMENT AND EMERGENCY EMPLOYMENT

January 1933 Through February 1938

Month	House-holds	Persons	House-holds	Persons	House-holds	Persons
	(In	thousands)				
	1933		1934		1935	
Jan.	4,647	18,224	7,821	27,449	6,727	23,964
Feb.	4,968	19,510	7,879	27,606	6,651	23,716
Mar.	5,463	21,479	7,169	26,495	6,630	23,492
Apr.	5,349	21,046	6,270	22,448	6,650	23,357
May	5,275	20,653	5,658	20,648	6,575	22,934
June	4,851	18,839	5,631	20,475	6,258	21,769
July	4,551	17,286	5,872	21,352	6,033	21,042
Aug.	4,372	16,895	6,106	22,244	5,916	20,461
Sep.	3,973	15,071	6,111	22,065	5,539	18,998
Oct.	4,116	15,596	6,220	22,204	5,588	18,879
Nov.	5,403	19,787	6,391	22,758	5,528	18,604
Dec.	7,062	24,802	6,547	23,475	5,886	19,851
	1936		1937		1938	
Jan.	6,044	20,633	6,000	19,050	5,904	17,314
Feb.	6,209	21,192	5,954	18,614	6,231	18,502
Mar.	6,229	21,243	6,015	18,846		
Apr.	6,018	20,450	5,929	18,373		
May	5,809	19,414	5,844	18,041		
June	5,587	18,517	5,473	16,783		
July	5,477	17,900	5,069	15,266		
Aug.	5,602	18,286	4,849	14,380		
Sep.	5,670	18,615	4,764	13,987		
Oct.	5,958	19,048	4,907	14,135		
Nov.	6,005	19,113	5,041	14,597		
Dec.	5,968	18,872	5,390	15,603		

Chart 1 ESTIMATED NET TOTAL NUMBER OF HOUSEHOLDS AND PERSONS RECEIVING RELIEF, WORKS PROGRAM EMPLOYMENT, AND EMERGENCY EMPLOYMENT



Works Progress Administration 2800

the FERA, the CWA, the CCC, the WPA, the Social Security Old Age Assistance program and aid to dependent children, State-local general relief, and other programs. It is the purpose of this pamphlet to present the historical background of the current relief situation and of these major programs and to indicate the work accomplished under them during recent years.

RELIEF PRIOR TO 1933

The present status and possible future developments of the Federal and State programs established to promote security are best understood in the light of the conditions which brought them into being. Before describing the relief organization of 1929, two points must be emphasized which are generally overlooked in discussions of the relief problem. Even before 1929, unemployment of varying intensity was a characteristic of long standing in the United States and relief needs had been expanding steadily for decades. Estimates of unemployment[1] covering the period from 1897 to 1926 for four major industries show an average unemployment rate of 10 percent, with wide fluctuations between prosperity and depression periods. Local censuses of unemployment in many localities over the last several decades also show a substantial problem of unemployment. In 1923 and 1926 reliable estimates prepared by the Committee on Economic Security indicate that there were more than 1,500,000 persons out of work in the United States while in 1929 an average of 1,800,000 were jobless. Another fact not generally recognized is that relief expenditures had been rising constantly for several decades prior to 1929. Public relief expenditures in 16 major cities increased from $1,500,000 in 1911 to $20,000,000 in 1928. At the same time the ratio of private to public funds decreased during this period.

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[1] Paul Douglas, Real Wages in the United States.

Therefore, in some respects the depression of the early 1930's merely accentuated an unemployment and relief problem of long standing. The drastic increase in the size of the problem, however, forced a reorganization of the methods formerly employed in dealing with it. Changes in relief policy and organization were inevitable in any event; the depression merely hastened their development.

Poor Relief

The basic public relief offered in 1929 was provided under State "poor laws" which were in existence in each State. Poor relief was primarily designed to care for a relatively small proportion of the population, chiefly those who for one reason or another were unemployable. A large proportion of those receiving relief up to 1929 were aged persons and those with some mental or physical disability which prevented them from achieving self-support. Strictly speaking then, this local relief system was not designed for the relief of unemployment, although many unemployed persons in the urban areas did obtain some aid under it. The aid offered under the poor laws was usually limited to almshouse care, burial, medical care, and small amounts of outdoor relief. Generally speaking, it was considered desirable to make public relief as unattractive as possible on the assumption that adequate relief would encourage idleness.

In every State, the locality was the governmental unit which was held responsible for the administration and financing of "poor relief", and under this system local "poormasters" or "overseers of the poor" were charged with the duty of caring for the destitute of their own community. This concentration of the administrative and financial responsibility for poor relief in the political subdivisions of the States (the counties, towns, and cities) was based on the belief that destitution was distinctly a local problem and that care of the destitute was a local responsibility.

This pattern of poor relief, characterized by local responsibility and repressive methods in dealing with destitution, had been transplanted from England to the American colonies during the 17th and 18th centuries, spreading to the new States during the period of national expansion. In structure, in social theory, and in methods of administration, early American relief was a parallel of the Elizabethan poor relief system.

The concept of local responsibility for relief was particularly well adapted to the early American scene. The insecurity which at present arises out of industrial unemployment was not of great importance during this early period. The relief system was organized to care primarily for local indigents, not the unemployed. And until the depression of the early 1930's, the organization of local relief in many parts of this country remained essentially unchanged from that of 17th century England.

State Action

Even before 1929, however, State legislatures were beginning to recognize that certain classes of needy individuals, such as mothers with dependent children, the blind, the aged, and veterans were entitled to a more adequate public assistance. This recognition resulted in the passage of special legislation for these classes in a number of States, a development which later was given added impetus through the Social Security Act.

The governmental system which has just been briefly sketched was supplemented by the activities of various private charitable organizations and generously inclined individuals. Private charities were an important factor in some localities; in others they were of trifling significance or nonexistent. The major portion of all relief provided in 1929 was extended by governmental agencies.

The statutory status of public relief in 1929 may be summarized briefly. All States had poor-relief laws. Veterans' relief legislation had been provided in 44 States and assistance for the blind in 22 States. Assistance to the aged was accorded in only 10 States. All but five States had provisions for aid to dependent children in their own homes, and all but three had laws making possible the care of dependent children in foster homes and institutions. No State had enacted unemployment compensation legislation. With the exception of veterans' relief and care of dependent children by agencies or institutions, the local political subdivisions generally were charged with the responsibility for administering and financing the various types of aid.

BREAKDOWN OF THE LOCAL RELIEF SYSTEM

Economic Changes

Except for the special treatment of certain categories of dependents mentioned above, the relief system had changed but little in over two centuries. However, the economic structure of the country underwent a significant transformation during this period. The United States developed from a simple to a complex economy, from a local agricultural and handicraft economy to a predominantly industrial and specialized economic system. With the advance of specialization and its accompanying urban concentration, economic security became largely a matter of holding a job. Unfortunately, with this specialization in economic activity the system became more liable to dislocations which deprived millions of persons of their employment. Thus as employment has become more vital to economic security, the possibility of loss of employment has tended to increase.

In modern economic society characterized by a high degree of specialization and interdependence, unemployment is primarily a national problem. Unemployment arising out of industrial and financial disorganization is not a local responsibility and the historic local poor relief could not be expected to cope alone with the unemployment relief problem a development which later was given added impetus through the Social Security Act.

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In modern economic society characterized by a high degree of specialization and interdependence, unemployment is primarily a national problem. Unemployment arising out of industrial and financial disorganization is not a local responsibility and the historic local poor relief could not be expected to cope alone with the unemployment relief problem which arose in the early 1930's. With economic activity developed primarily on a national basis, subject to national influences and disturbances, it became obvious, particularly during the recent depression years, that local efforts were insufficient. Administrative and financial organization of relief had to be patterned, at least in part, on a national basis, in order to cope with a relief problem arising from national maladjustments.

Breakdown of Local Relief

The outmoded local relief system of the pre-industrial era soon proved incapable of meeting adequately the shock of a major depression. Shortly after the decline in employment in 1929 large numbers of the unemployed were forced to apply for relief. The old poor law organizations had not been designed to cope with a major unemployment problem and they were incapable of expanding sufficiently to meet the crisis. Local government tax revenue declined during the depression and local borrowing became difficult, and, in many instances, impossible. Similarly, private relief organizations were unable to increase their revenue sufficiently and funds from this source declined from 24 percent of the total outlay in 1929 to 3 percent in 1934.

The breakdown in local public and private relief reached serious proportions in 1931. In that year, State emergency relief administrations were set up in four States, and many more were created in 1932. During this period States likewise found it increasingly difficult to collect taxes or to borrow money, and appeals were made for Federal aid.

Federal Action in 1932

It was not until 1932, however, that the Federal Government took steps implicitly recognizing the national character of the unemployment relief problem. In that year, Federal cotton and wheat were donated to destitute persons through the Red Cross, and the Emergency Relief and Construction Act was passed, authorizing the Reconstruction Finance Corporation to make available $300,000,000 to States and localities for emergency relief. This legislation was a departure from the traditional policy of Federal aloofness but it was far more significant as a precedent than for the relief it afforded. The Act attempted to maintain the traditional local system by means of reimbursable advances to the States and cities. The Federal Government merely advanced the funds and did not attempt to set any Federal standards regarding the administration of relief in the States and localities. The amount of the advances, however, was insufficient and the insistence upon repayable advances was not in harmony with the fiscal and economic realities of the problem. A subsequent Act rescinded the repayment provisions as they applied to the advances made to the States, thus in effect converting these advances into grants.

RELIEF UNDER THE FERA AND THE CWA

Early in 1933 the unemployment crisis became acute, reaching an estimated level of 15,000,000. In March over 5.4 million cases were receiving relief. The RFC relief fund of $300,000,000 was nearing depletion, and State and local funds were insufficient to carry the burden.

The necessity of further and more substantial Federal aid was recognized in May 1933 with the passage of the Federal Emergency Relief Act. This Act established the Federal Emergency Relief Administration and made available $500,000,000 for nonreimbursable grants to the States. By the fall of 1933 State emergency relief administrations were functioning in every State and were receiving grants from the FERA. Grants for emergency relief continued through 1935. The program was essentially a local relief program, operated by local officials, but financed, to the extent of 71 percent by the Federal Government, with State and local governments contributing 13 and 16 percent respectively.

Since the utmost confusion has prevailed on this point, it may be well to emphasize again the basic fact that relief applicants did not receive their food orders or work-relief checks from officials of the FERA.[1] Nor did relief applicants receive their relief benefits from State officials. The actual administration of relief was in the hands of the approximately 5,000 local relief agencies which were in existence during the active period of the FERA. The FERA allocated funds to the Governors of the various States. These officials then turned the funds over to the State relief organizations which in turn allocated these Federal funds, along with State funds, to the local relief organizations. The local relief organizations spent these funds, together with local funds, for relief purposes. Tables I-A and I-B in the Appendix show these expenditures by States and by sources of funds. The function of the FERA, in addition to granting funds to the States, consisted in issuing broad policy regulations designed to promote minimum relief standards and the proper use of Federal funds.

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[1] An exception to this general statement should be noted. In several States the FERA did assume, for various reasons, the actual administration of relief. These States were Oklahoma, North Dakota, Massachusetts, Ohio, Louisiana, and Georgia.

FERA Objectives

From the beginning of the FERA program, several major objectives were continually stressed. One outstanding objective was to provide relief throughout the country in accordance with adequate standards. Another major objective included the institution of work programs for employable persons on relief. In some areas this merely involved the continuation, revision, and expansion of existing local work-relief programs. A third important goal of the FERA was a diversification of the entire relief program so as to provide different programs for groups of persons whose needs were different.

One of the principal reasons for the establishment of the FERA was the fact that relief funds in virtually all localities were insufficient. The Administration therefore adjusted its grants to States so as to effect a gradual leveling upward of relief allowances in areas where relief was particularly inadequate. Under the FERA, the average amounts of relief extended per family for the country as a whole increased from $15.15 in May 1933 to a peak of $30.45 in January 1935. Tables II-A and II-B in the Appendix show the average relief benefits by months.

These averages obscure the differences between the amounts received by families wholly dependent on relief and by those receiving only supplementary assistance. They also ignore the fact that many families received relief during only part of the month and, therefore, understate the average amounts received by families completely dependent upon relief throughout the entire month. Speaking generally, it may be said that although actual physical suffering was materially reduced under the FERA, adequate standards of relief were not achieved in all areas.

Diversity of Relief Problems

Soon after the FERA had been established and contact made with the State relief administrations, it became apparent that relief problems varied enormously between different sections of the country and between different groups. The Relief Administration had to take these variations into account. In the summer of 1933 it was realized that the broad relief problem was, in fact, a compound of many previously existing kinds of relief problems: the unemployed, the underemployed, the transient, the destitute farmer, the aged, mothers with dependent children, stranded rural groups, and other special types. The new factor which had aggravated the relief problem during the depression was the presence of vast numbers of destitute employables on relief rolls. The accompanying table (Table 2.) shows the totals by months from 1933 through January 1938.[1] Each of these groups presented varied needs. The needs of the unemployed unskilled worker differed greatly from those of the jobless white-collar worker, the urban unemployed worker from his rural and small-town brother. Farmers on relief were destitute for a variety of reasons: top-heavy debts, barren soil, lack of equipment, seed, and stock, and severe droughts were among the special factors intensifying the troubles caused by low agricultural prices.

Accordingly, as the special problems became urgent, the FERA sought to differentiate the various relief groups and to establish special programs and policies to fit the varied needs. Thus, there was gradually developed a work-relief program for the employable workers; a direct relief program was instituted for those unable to work or for whom work projects could not be devised; and a rural rehabilitation program was created for the destitute rural groups. In addition, a transient program, a commodity buying and distribution program, a college-student-aid, and a white-collar program were instituted. The number of cases aided on each of

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[1] These totals are included in the data shown in table 1 along with others aided under other programs.

Table 2.- NUMBER OF FAMILIES, SINGLE PERSONS, CASES, TOTAL PERSONS, AND PERCENT OF POPULATION RECEIVING EMERGENCY RELIEF UNDER THE GENERAL RELIEF AND SPECIAL PROGRAMS, CONTINENTAL UNITED STATES

January 1933 Through January 1938

Year and month	Resident cases			Total resident persons		Transient persons B
	Families	Single persons	Total	Number	% of population A	
1933						
Jan.	3,850,000 C	440,000 C	4,290,000 C	17,300,000 C	14	(D)
Feb.	4,140,000 C	470,000 C	4,610,000 C	18,600,000 C	15	(D)
Mar.	4,560,000 C	520,000 C	5,080,000 C	20,500,000 C	17	(D)
Apr.	4,422,675 E	491,000 E	4,913,675 E	19,900,000 E	16	(D)
May	4,247,450 E	476,000 E	4,723,450 E	19,100,000 E	16	(D)
June	3,754,290 E	437,000 E	4,191,290 E	16,900,000 E	14	(D)
July	3,455,414	452,654	3,908,068	15,385,275 E	13	(D)
Aug.	3,352,201	408,453	3,760,654	15,085,183 E	12	(D)
Sept.	3,005,850	398,971	3,404,821	13,402,581 E	11	(D)
Oct.	3,010,510	434,870	3,445,380	13,609,815	11	(D)
Nov.	3,366,102	463,296	3,829,398	15,081,542	12	(D)
Dec.	2,631,080	447,019	3,078,099	11,671,639	10	(D)
1934						
Jan.	2,481,287	473,166	2,954,453	11,083,868	9	(D)
Feb.	2,593,318	559,184	3,152,502	11,636,036	9	126,873
Mar.	3,053,816	642,766	3,696,582	13,763,650	11	145,119
Apr.	3,791,210	653,698	4,444,908	16,842,325	14	164,244
May	3,803,455	631,473	4,434,928	17,181,692	14	174,138
June	3,753,467	577,332	4,330,799	16,829,316	14	187,282
July	3,837,578	557,259	4,394,837	17,203,083	14	195,051
Aug.	4,033,727	586,322	4,620,049	18,116,583	15	206,173
Sept.	4,068,930	673,172	4,742,102	18,300,876	15	221,734
Oct.	4,074,856	739,537	4,814,393	18,323,547	15	235,903
Nov.	4,213,963	790,255	5,004,218	18,947,688	15	266,790
Dec.	4,459,263	821,572	5,280,835	20,058,149	16	288,955
1935						
Jan.	4,617,038	873,385	5,490,423	20,685,803	17	297,058
Feb.	4,585,461	887,721	5,473,182	20,611,525	17	300,460
Mar.	4,588,924	904,640	5,493,564	20,580,178	17	299,509
Apr.	4,468,611	902,698	5,371,309	20,044,831	16	293,676
May	4,304,997	883,437	5,188,434	19,279,305	16	273,824
June	4,025,163	796,508	4,821,671	17,960,602	15	263,668

Table 2.- NUMBER OF FAMILIES, SINGLE PERSONS, CASES, TOTAL PERSONS, - Cont.

Year and month	Resident cases			Total resident persons		Transient persons B
	Families	Single persons	Total	Number	% of population A	
1935						
July	3,681,528	715,524	4,397,052	16,161,517	13.0	253,340
Aug.	3,553,903	695,895	4,249,798	15,552,062	13.0	245,266
Sept.	3,263,531	669,892	3,933,423	14,231,178	12.0	218,722
Oct.	3,084,946	656,128	3,741,074	13,433,006	11.0	157,634
Nov.	2,853,100	625,871	3,478,971	12,383,778	10.0	112,277
Dec.	2,084,141	531,868	2,616,009	8,914,617	7.0	64,409
1936						
Jan.F	1,640,000	576,000	2,216,000	7,211,000	5.6	34,650
Feb.F	1,571,000	564,000	2,135,000	6,930,000	5.4	25,109
Mar.F	1,453,000	557,000	2,010,000	6,435,000	5.0	17,467
Apr.F	1,303,000	523,000	1,826,000	5,799,000	4.5	13,445
May F	1,164,000	493,000	1,657,000	5,187,000	4.0	10,837
June F	1,072,000	481,000	1,553,000	4,789,000	3.7	8,336
July F	986,000	462,000	1,448,000	4,398,000	3.4	6,691
Aug.F	973,000	457,000	1,430,000	4,366,000	3.4	6,879
Sep.F	944,000	443,000	1,387,000	4,246,000	3.3	6,653
Oct.F	947,000	447,000	1,394,000	4,258,000	3.3	6,789
Nov.F	960,000	443,000	1,403,000	4,324,000	3.4	8,357
Dec.F	1,047,000	461,000	1,508,000	4,714,000	3.7	11,207
1937						
Jan.F	1,171,000	488,000	1,659,000	5,287,000	4.1	4,726
Feb.F	1,218,000	505,000	1,723,000	5,496,000	4.3	4,824
Mar.F	1,179,000	502,000	1,681,000	5,333,000	4.2	4,504
Apr.F	1,067,000	491,000	1,558,000	4,857,000	3.8	4,068
May F	935,000	459,000	1,394,000	4,273,000	3.3	3,533
June F	848,000	435,000	1,283,000	3,888,000	3.0	3,212
July F	836,000	426,000	1,262,000	3,835,000	3.0	639
Aug.F	846,000	426,000	1,272,000	3,879,000	3.0	655
Sep.F	849,000	421,000	1,270,000	3,877,000	3.0	631
Oct.F	850,000	422,000	1,272,000	3,899,000	3.0	267
Nov.F	934,000	441,000	1,375,000	4,283,000	3.3	233
Dec.F	1,148,000	488,000	1,636,000	5,250,000	4.1	211
1938						
Jan.F	1,378,000	537,000	1,915,000	6,270,000	4.9	(D)

A Based on the 1930 Census of Population through 1935; beginning with January 1936 based on Bureau of Census estimate of population as of July 1,1936.

B As reported by the Midmonthly Census of Transients Under Care.

C Estimated. D Data not available. E Partially estimated.

F Tentative estimate--not strictly comparable with data for months prior to January 1936 since data are not limited to emergency relief.

these programs and the obligations incurred are shown in tables III and IV in the Appendix. This policy of differentiation has been continued by the various agencies now responsible for meeting the needs of the destitute groups.

Work Relief

When the FERA assumed its functions in the summer of 1933, many work-relief projects had already been organized by local and State governments. Well over one million persons were employed on these pre-FERA projects, for the most part in the performance of unskilled tasks. After its creation the FERA made funds available for the payment of work-relief wages, and broad policies were laid down governing wages, hours, types of projects, etc. At the outset it was ruled that "fair wages" be paid and later in the year that "prevailing wages" be paid on the projects. Types of projects were limited generally to work on public property. These early projects, however, suffered from a number of defects. The earnings of the workers were low, many of the projects were of limited social value, supervision was not efficient in many places, and the projects were not sufficiently diversified to provide work in keeping with the job experience of the unemployed persons. FERA funds and policies brought about some improvement in these local programs during the summer and fall of 1933, but the conviction grew that a completely new work program was advisable.

Civil Works Program

To remedy these defects, to meet the critical unemployment needs of the winter, and to promote recovery through the injection of purchasing power into the economic system in a short period of time, the Federal Government inaugurated the Civil Works program early in the winter of 1933-34. Employment on the program began on November 16th and the peak of employment under this first Federal mass employment program was reached during the week ending January 18, 1934, at which time over 4,260,000 persons were at work. The major part of the program came to a close at the end of March, and on July 14th the program was officially closed.

It should be understood that the FERA and the CWA were separate organizations. During the active existence of the CWA, the FERA continued to make grants to States to assist them in conducting their direct relief programs. The work-relief activities of State and local relief agencies (financed in part through FERA grants), were greatly curtailed during the period of active operation of the Civil Works program, and a considerable portion of the personnel which had been operating these programs in the States was transferred to the State and local Civil Works Administrations. However, the Civil Works Administration and the Federal Emergency Relief Administration, although operating simultaneously and with much the same personnel, were distinct.

A major distinction between the Civil Works program and the Federal-State-local program of the FERA lay in the fact that the former was Federally operated. Complete authority for the proper prosecution of the Civil Works program was vested in a Federal agency, the Civil Works Administration at Washington, and exercised through its subdivisions, the State, county, and city Civil Works Administrations. The personnel of the Civil Works Administration, both at Washington and in the States, were Federal employees and they operated a Federal program.

Certain general principles and policies were outlined by the Civil Works Administrator at the outset. All work was to be of social and economic value and to be performed on public property. These principles, in modified form, were also applied to Civil Works Service projects which were outside the construction field. A second broad policy was that projects should not include work normally done by States or localities or work which they might finance through Public Works Administration grants or loans. Many localities had become impoverished during the depression, however, and were unable to carry on their normal functions of repairing public buildings, schools, streets, sewers, water mains, etc. The Civil Works Administration therefore accepted these types of projects for operation where it was obvious that the work was essential and could not be performed without assistance from the Civil Works Administration.

Approximately one-half of the workers on the Civil Works program were taken from the relief rolls. The remainder were nonrelief unemployed. CWA employment and earnings are shown in table 3. The rules governing employment of workers were prescribed by the Federal Civil Works Administration. The Civil Works program received its first allocation from funds originally made available to the Public Works Administration. It was necessary, therefore, for the Civil Works Administration during the early part of its existence to observe the minimum wage rates and maximum working hour regulations established for public works employment. The States were classified into three zones and minimum hourly wage rates for each zone were set as follows:

	Southern Zone	Central Zone	Northern Zone
Skilled	1.00	1.10	1.20
Unskilled	.40	.45	.50

Table 3.- NUMBER OF PERSONS WORKING ON THE CIVIL WORKS PROGRAM AND AMOUNT OF EARNINGS ON ALL PROJECTS, CONTINENTAL UNITED STATES, BY WEEKS

November 23, 1933 Through July 14, 1934

Week ending	Number of persons working A	Amount of earnings B
1933		
Nov. 23	814,511	$7,509,135
Nov. 30	1,531,131	14,691,737
Dec. 7	1,976,625	24,808,571
Dec. 14	2,726,167	34,844,802
Dec. 21	3,418,431	46,605,974
Dec. 28	3,632,120	47,290,482
1934		
Jan. 4	3,843,047	54,117,482
Jan. 11	4,094,758	61,813,716
Jan. 18	4,263,644	64,136,903
Jan. 25	4,164,377	47,147,119
Feb. 1	3,915,405	43,174,060
Feb. 8	3,875,279	45,239,337
Feb. 15	3,787,986	44,040,906
Feb. 22	3,426,712	38,606,303
Mar. 1	2,902,287	33,581,055
Mar. 8	2,655,307	33,530,150
Mar. 15	2,452,544	31,982,990
Mar. 22	2,149,405	29,172,691
Mar. 29	1,964,040	27,039,773
1934		
Apr. 5	1,179,145	$12,863,210
Apr. 12	104,591	1,954,576
Apr. 19	72,653	1,442,182
Apr. 26	59,831	1,221,761
May 3	40,757	668,631
May 10	13,559	330,273
May 17	11,979	289,249
May 24	10,313	254,523
May 31	8,912	226,570
June 7	7,398	189,292
June 14	6,845	176,910
June 21	6,475	166,016
June 28	5,886	148,448
Jul. 5	5,029	123,860
Jul. 12	4,522	114,935
Jul. 13-14	3,345	38,834
Total	----	749,542,456

A Number of persons includes supervisory and administrative personnel.

B Earnings include rental paid to drivers of their own teams, trucks, and equipment.

Where prevailing rates exceeded these zone rates the higher rate was paid. The wage rates fixed by the various State Highway Departments were adopted for the CWA road projects. Semiskilled workers received wages established in accordance with local prevailing wages for their group. A prevailing "weekly wage" was set for clerical and white-collar work, with the provision that in no case were weekly rates to be set below $18, $15, and $12, respectively, in the Northern, Central, and Southern zones. Maximum hours were set at 30 per week and 130 per month for manual workers and a maximum 39-hour week for clerical employees.

In January 1934, because of a shortage of funds, it was necessary to modify these policies by sharply reducing maximum hours per week. The original hourly wage policy was abandoned early in March chiefly because the zone minimum hourly rates were often in excess of prevailing rates in localities. The new policy provided for the payment of prevailing rates but set a minimum rate of 30 cents per hour.

The Civil Works program resulted in the expenditure of a total of $931,103,000, approximately 80 percent of which was for wages. The Federal Government provided $844,067,000, local governments provided an estimated total of $84,000,000, and the balance was contributed from State funds. Table V in the Appendix gives the totals expended in each State, by sources of funds. While State governments and Federal agencies initiated some projects, the bulk of them were proposed by the local governments.

Road repair or construction projects accounted for approximately one-third of the total expenditures under the Civil Works Administration. School buildings and grounds comprised another important aspect of CWA work. School buildings were rehabilitated throughout the country, in urban and rural areas. In some instances where repair was impossible, new buildings were erected. School grounds were graded, planted, and made attractive. Athletic fields, stadiums, and swimming pools were built, parks were improved and developed, and other recreational facilities expanded. In some areas extensive sanitation projects were initiated.

A wide variety of administrative, professional, and clerical projects was instituted. These included such projects as providing personnel in various local CWA offices, clerks and machine operators in Weather Bureau Stations, surveying and relocating boundary lines, plotting streets, and drafting charts, maps, and diagrams.

The Federal projects, under the supervision of Federal Departments and Bureaus, provided the greatest number of positions for the nonmanual and professional workers. An outstanding example was the Public Works of Art project which employed about 3,000 artists, painters, sculptors, etchers, and mural painters. Other Federal projects involved work on experiment stations of the Department of Agriculture, in Army and Navy Posts and Stations, in government fish hatcheries, and on projects of the Tennessee Valley Authority, and the Soil Erosion Service.

A fair appraisal of the Civil Works program must take into consideration the emergency conditions under which it was operated. In two months, the program reached its employment peak of over 4,200,000 persons and it was practically terminated at the end of four and a half months. A major difficulty encountered was the planning of projects. In those localities where advance planning on construction was in effect, the program operated with a large measure of success. In those areas where planning was nonexistent and imagination and initiative were lacking, some poorly conceived projects were instituted. The inauguration of the program during the winter months likewise added enormous difficulties. On the whole, however, the completed projects were of definite value to the communities. Moreover, the experience gained on the program was valuable for the development of later programs. And finally, as a means of providing aid to the unemployed, the Civil Works program was highly effective.

The Emergency Work Relief Program of the FERA

When the major part of the Civil Works program was terminated in March 1934, the FERA in cooperation with the States established a new work-relief program, known as the Emergency Work Relief Program. With few exceptions, only relief persons were given employment, and earnings were determined according to need, i.e., by the budgetary deficiency. Prevailing hourly wages were paid, and during the period from April 1934 through the middle of 1935 earnings averaged $28 per month. The number of persons employed on this program varied from 1,100,000 in April 1934 to nearly 2,500,000 in January 1935. When this program was well under way approximately 45 percent of all relief cases received work-relief benefits, while the remainder received direct relief.

The types of projects carried on by the Emergency Work Relief Program were substantially the same as under the CWA. Indeed, the Emergency Work Relief Program completed many of the projects which had been only partially completed when the CWA was terminated. Further diversification of projects was achieved under the FERA work-relief program in an effort to extend employment opportunities to the widest possible range of occupational groups.

This program was virtually brought to an end during the second half of 1935, when FERA grants were terminated and Federal work activities were carried forward through the creation of the present Works Program.

Direct Relief

Throughout this period of work-relief activities, first under the FERA, then the CWA, and again under the FERA, direct relief benefits were given to over half of the total cases on relief. Those receiving direct relief included many unemployable persons (although some States had removed unemployables from the emergency relief rolls) as well as many employables for whom work relief could not be found. The expansion of work-relief activities to care for this latter group was sometimes rendered impracticable by such difficulties as possible competition with private and regular public enterprise, shortage of funds, insufficient supervisory personnel or lack of skilled relief labor. Many relief clients received both work and direct relief during the period. For these and other reasons the direct relief program was an essential part of the FERA program and has been continued by the States and localities since the termination of FERA grants at the close of 1935.

Special Programs

In addition to the general relief program (work and direct relief), the FERA developed certain special programs to meet some of the problems peculiar to such special groups as farmers, teachers, transient persons, and youths. (See table III in the Appendix.) The rural rehabilitation program, inaugurated in April 1934, was one such undertaking. Its purpose was to enable farm families on relief to become wholly or largely self-sustaining through direction and through assistance in the form of tools, equipment, and working capital. This activity was transferred to the Resettlement Administration on June 30, 1935, and the work was carried forward by that organization. On January 1, 1937, the Resettlement Administration was transferred to the Department of Agriculture, and on September 1, 1937, by order of the Secretary of Agriculture, the Resettlement Administration was renamed the Farm Security Administration.

The emergency education program of the FERA was organized in October 1933 to give employment to teachers who were both unemployed and destitute. This program included general adult education, literacy classes, vocational education and rehabilitation, parent and worker education, and nursery school work. Employment reached a peak in March 1935 of over

44,000 persons. This program was gradually curtailed in the later part of 1935, at which time similar activities were undertaken by the Works Progress Administration.

The Transient Division of the FERA was established in July 1933. Forty States had instituted transient programs by January 1934, and the first midmonthly census taken as of February 15, 1934, revealed that 92,000 transient cases (families and single persons) were under care. An average of almost 300,000 transient persons received assistance during the winter of 1934-35. Under the Works Program, provision for transients is included in regular work project activities.

The special needs of young persons were recognized by the establishment of a college-student-aid program which began in Minnesota in December 1933 and was extended throughout the country in February 1934. This program provided for part-time employment for college students who otherwise would not have been able to continue their education. During the winter of 1934-35, an average of more than 100,000 students per month were aided. Since September 1935, student-aid has been conducted by the National Youth Administration, under which it has been expanded to include high school students.

In the upper half of chart 2 data are shown for work relief and direct relief. The influence of CWA (shown in the lower half of chart 2) on the FERA program is apparent during the winter of 1933-34. The decline in the number of families and single persons on the emergency relief rolls during 1935 was due in large measure to the expansion of the WPA as shown in the chart. The relief cases shown for the period beginning January 1936 represent for the most part those families and single persons now receiving general relief from State and local funds.

Funds

Total FERA grants to the States aggregated over $3,000,000,000. In chart 3 expenditures for emergency relief from January 1933 through January 1938 are shown. These total over $5,000,000,000. (In tables I-A and I-B in the Appendix these expenditures are presented by States and by sources of funds from January 1933 through June 1937.) During the early part of 1933 the Federal funds were RFC advances for relief purposes made under the Emergency Relief and Construction Act of 1932. During 1936 and 1937 most of the funds came from State and local sources while Federal funds were used to finance the Works Program and the Social Security program.

Chart 2 EMERGENCY RELIEF AND WORK PROGRAMS 1933 - 1938

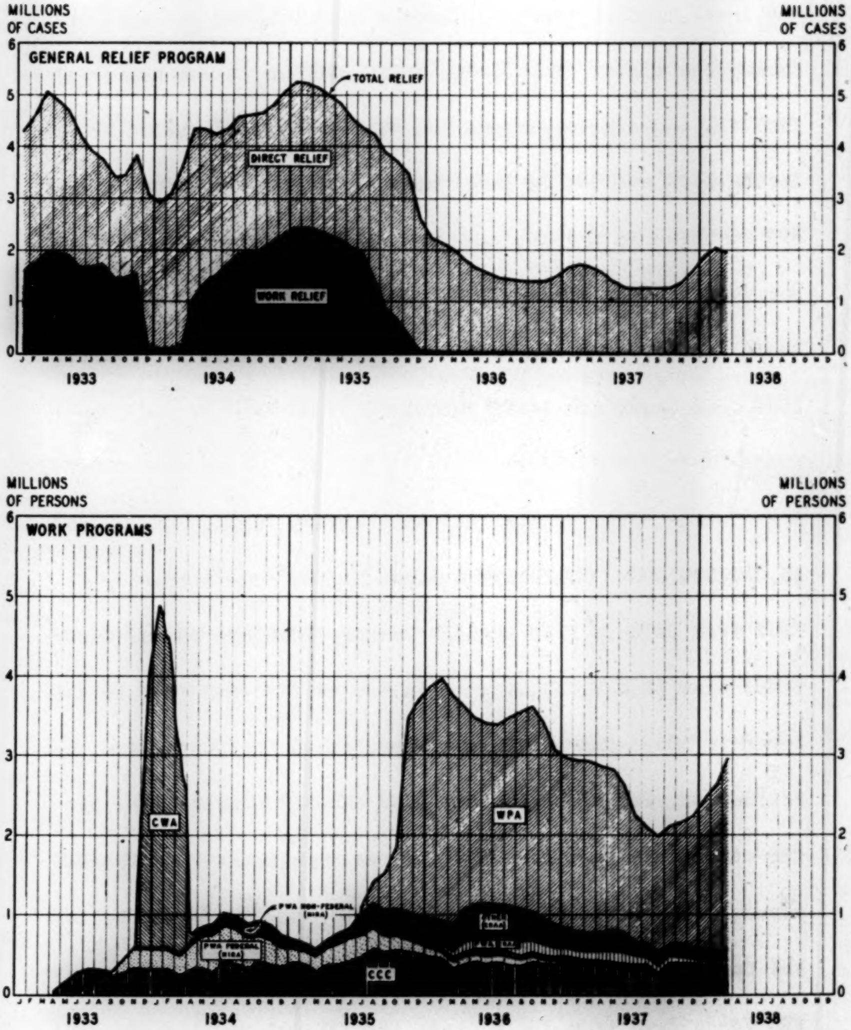

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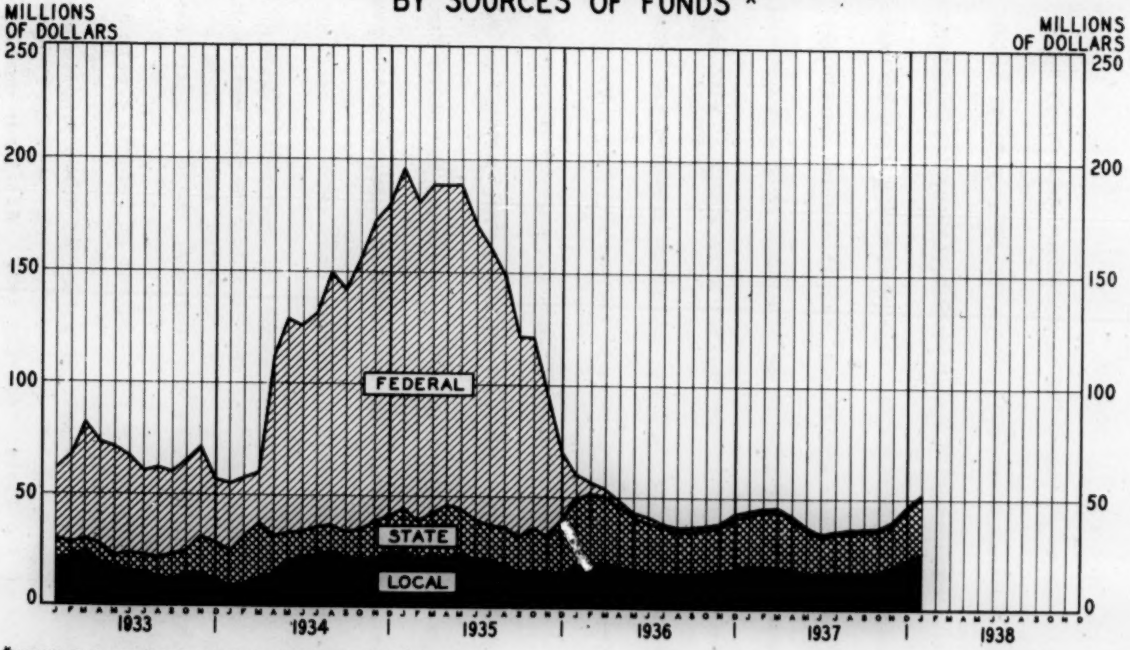
Chart 3 TOTAL OBLIGATIONS INCURRED FOR RELIEF BY SOURCES OF FUNDS *



* INCLUDES RELIEF EXTENDED UNDER ALL PROGRAMS AND EXPENSES FOR SUPPLIES AND EQUIPMENT, SERVICES OF NON-RELIEF PERSONS, ADMINISTRATION, AND MISCELLANEOUS ITEMS. DATA FOR 1936 COVER ALL GENERAL RELIEF ADMINISTERED BY STATE AND LOCAL AGENCIES, WHILE THE FIGURES FOR PRIOR YEARS ARE LIMITED TO EMERGENCY RELIEF. THE VARIOUS FEDERAL WORK PROGRAMS SUCH AS CWA AND WPA ARE NOT INCLUDED.

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In summary, the FERA represented the first major step of the Federal Government in the field of relief. Under this program substantial Federal responsibility for relief was assumed in contrast to the pre-depression policy of inaction. This program also encouraged the extensive development of relief facilities so that at the peak of the program virtually all counties in the country were equipped with emergency relief agencies. Other important features of the FERA program were its support of the work-relief movement, the differentiation of relief programs, and the improvement in relief standards. In general, the FERA marked an abrupt change in Federal policy and established the basis for continued Federal action in the field of unemployment relief.

RELIEF POLICY OF 1935

During 1935 several far-reaching changes were made in Federal relief policies and programs. These changes involved the liquidation of the FERA program of Federal grants to the States; the establishment of a Federal Works Program; and the passage of the Social Security Act. All three developments may be viewed as an attempt to differentiate the problem of dependence and to establish the basis of a more permanent program. The FERA program had included employables and unemployables, although, as discussed above, a number of special programs had been evolved under the FERA to aid the numerous different groups in need. Moreover, the FERA had been designed as an emergency and temporary agency.

The future program was to be carried out through a system of regular Federal grants to match State expenditures for certain relief categories, an insurance system against the hazards of unemployment and old age, and a Federal Works Program for destitute employable persons. Under the Social Security Act, Federal grants to match State and local funds for old age pensions, aid to dependent children, and other special categories were designed to stimulate a greater volume of State and local funds than had been forthcoming for these purposes under the FERA program. Moreover, this move was intended to encourage permanent State programs to aid aged persons, dependent children, and other groups.

As part of the permanent security program, the Social Security Act also incorporated the insurance principle to meet future problems of aged and unemployed workers. These insurance features, in contrast to the matching grants for old age, etc., were not designed to care for any aspect of the immediate problem in 1935. They represent the acceptance of social insurance principles as a means of combating certain aspects of insecurity in the future.

The Works Program was established to provide work for the destitute unemployed who were on the relief rolls in 1935 and for other workers who might subsequently become destitute. This part of the broad Federal security program was designed to employ approximately 3,500,000 persons during the winter of 1935-36. Since the problem of unemployment was seen to be primarily national in scope, the unemployed were accepted as chiefly a Federal responsibility. While States and localities contribute a share of the funds for the Works Program, four-fifths of the funds come from the Federal Treasury.

The financial responsibility for relief thus underwent modification during 1935. Certainly it can be said that lines of responsibility became more definitive than during the 1933-35 period. Broadly viewed, the moves in 1935 brought about increased State and local responsibility for the various groups of unemployables. Federal funds are provided only on a matching basis for the various categories in the Social Security Act; and those dependent persons who do not qualify under the Act and who do not obtain Works Program employment, are at present dependent upon State and local governments. The destitute employables, on the other hand, are viewed as chiefly a Federal responsibility. It is true, of course, that some destitute employables cannot find jobs on the Works Program and therefore receive State and local relief. Nevertheless, most of the employables certified as in need are on the Works Program and receive their employment through a program financed largely by Federal funds.

THE WORKS PROGRAM

The creation of the Works Program reaffirmed and clarified the Federal responsibility for the relief of unemployment. In addition to this, the Emergency Relief Appropriation Act of 1935,which made funds available for the program, was another step in strengthening the policy that Federal aid to the unemployed should be provided in the form of public employment. The Act explicitly provided for the Works Program and established broad policies to govern the work. The reasons advanced for this policy of public employment are numerous. Foremost is the aversion to maintaining in idleness those willing and able to work, a position based on the view that the unemployed are physically and mentally better off when given useful work. In addition to the physical and mental advantages to the unemployed from the work, the completed projects in the communities are viewed as important accomplishments. Moreover, the wages paid on a works program and the purchases of materials stimulate business activity. Idle economic resources--labor and capital--are thus utilized by a works program, and the expenditures arising from this utilization act in turn to increase employment in private enterprise.

Works Program Agencies

The Federal units participating in the Works Program include bureaus of regular Government Departments and independent establishments engaged in activities which could be expanded through the employment of relief workers; previously established emergency agencies, such as the Public Works Administration and Emergency Conservation Work (Civilian Conservation Corps); and newly created agencies designed primarily for Works Program participation--the Resettlement, Rural Electrification, and Works Progress Administrations. The WPA has the dual function of operating non-Federal, locally sponsored, work projects (and several special Federal projects) and of effecting the necessary coordination of all agencies participating in the Works Program.

These agencies undertook a wide variety of projects ranging from many kinds of construction work (which constitutes the major part of the program) to art, education, and research. In addition to the operation of regular projects employing as many as possible of the available workers at their accustomed occupations, Works Program activities include the provision of aid in cases of emergency and disaster. The services of many workers were used during periods of immediate danger from floods in both 1936 and 1937, and also to a large extent in the work of cleaning away debris and repairing damage after the floods had subsided. Similarly, during the serious drought of 1936, the WPA, the Resettlement Administration, and other agencies cooperated in providing financial aid, through work relief or other measures, to destitute farmers in the emergency drought areas.

Funds

Funds for carrying out the Works Program have been provided under five Appropriation Acts. The Emergency Relief Appropriation Act of 1935, which initiated the program, made available up to $4,880,000,000; the ERA Act of 1936, $1,425,000,000; the First Deficiency Appropriation Act of 1937, $789,000,000; the ERA Act of 1937, $1,500,000,000; and the special Supplemental Relief Appropriation of $250,000,000, approved March 2, 1938. The ERA Act of 1937 contained the specific provision that the funds were to last for the whole fiscal year 1937-38. However, the sharp rise in unemployment during the winter of 1937-38 made necessary an increase in WPA employment, and consequently more funds were needed to permit this expansion. Accordingly the supplemental relief appropriation of $250,000,000 was made for the WPA. Expenditures of Federal funds have been made largely for direct labor costs, with the sponsors of projects paying for varying proportions of the other expenses such as are incurred for materials, supplies, and equipment.

Employment

Total Works Program employment on projects of the WPA, Emergency Conservation Work (CCC), and all other Federal agencies reached a peak of approximately 3,840,000 persons during the latter part of February and early March 1936. (See chart 2.) About 78 percent of the total, or more than 3,000,000 persons, were employed by the WPA, more than 450,000 by ECW, and almost 400,000 by other Federal agencies. From March through June 1936 the number of persons employed under the Works Program declined gradually, but the advent of the drought reversed the trend in July. By November 1936 the number of workers on the program began to drop again and by September 25, 1937, the total employment had fallen to 1,951,000. Of this number 1,451,000 were working on WPA projects. The decline in business activity during the latter part of 1937, coupled with seasonal influences, reversed the downward movement. By February 26, 1938 WPA employment had increased to 2,076,000. With the new appropriation of $250,000,000 WPA employment reached 2,445,000 for the week ending April 2, and is expected to reach 2,500,000 during April. Employment on the entire program is shown in the accompanying table. (Table 4.)

The Role of the WPA

From the above figures it is obvious that the WPA has played a major role in the Works Program. Indeed, throughout nearly all the period of Works Program operation the WPA has provided between 70 and 80 percent of the total direct employment.

The WPA, unlike the FERA, is operating a Federal program. The WPA is organized and operated in a flexible manner in order to meet local conditions and local needs. This flexibility has been achieved through obtaining the cooperation of States and localities and inducing them to share a part of the cost and the responsibility for the successful operation of the program. The cooperative relationship existing may be seen in many aspects of the program.

In the first place, the segregation of "employables", which amounts to the selection of workers eligible for WPA employment, is almost entirely the responsibility of local

Table 4.- EMPLOYMENT ON PROJECTS OF THE WORKS PROGRESS ADMINISTRATION, CIVILIAN CONSERVATION CORPS, AND OTHER AGENCIES, BY RELIEF STATUS, LAST WEEK IN EACH MONTH
(Subject to Revision)

	Number of persons employed											
	All agencies			Works Progress Admin.			Civilian Conserv.Corps			Other agencies		
Week ending	Total	Certified as in need of relief		Total	Certified as in need of relief		Total	Certified as in need of relief		Total	Certified as in need of relief	
		Number	%		Number	%		Number	%		Number	%
1935												
Jul.27	572,702	-	--	70,000	-	--	486,710	-	--	15,992	-	--
Aug.31	1,015,017	831,281	82	252,739	238,070	94	593,499	519,919	88	168,779	73,292	43
Sep.28	1,194,986	1,017,782	85	456,013	432,806	95	556,717	483,137	87	182,256	101,839	56
Oct.26	1,540,542	1,357,653	88	777,294	738,886	95	555,643	487,063	88	207,605	131,704	63
Nov.30	3,210,137	2,990,577	93	2,445,954	2,352,191	96	544,265	483,045	89	219,918	155,341	71
Dec.28	3,496,217	3,257,688	93	2,740,070	2,627,096	96	518,928	459,485	89	237,219	171,107	72
1936												
Jan.25	3,707,590	3,431,735	93	2,925,605	2,798,165	96	486,594	430,199	88	295,391	203,371	69
Feb.29	3,836,087	3,535,605	92	3,035,852	2,898,849	95	459,461	405,061	88	340,774	231,695	68
Mar.28	3,727,705	3,377,122	91	2,871,637	2,734,371	95	433,770	382,420	88	422,298	260,331	62
Apr.25	3,478,755	3,086,773	89	2,570,315	2,442,694	95	391,200	342,000	87	517,240	302,079	58
May 30	3,317,744	2,895,600	87	2,339,740	2,219,749	95	409,200	360,500	88	568,804	315,351	55
Jun.27	3,236,621	2,782,841	86	2,255,898	2,135,636	95	381,140	332,900	87	599,583	314,305	52
Jul.25	3,238,151	2,778,587	86	2,249,357	2,129,488	95	403,740	355,400	88	585,054	293,699	50
Aug.29	3,337,915	2,887,985	87	2,376,565	2,253,641	95	385,600	337,800	88	575,750	296,544	52
Sep.26	3,417,375	2,997,724	88	2,481,516	2,354,379	95	363,300	316,000	87	572,559	327,345	57
Oct.31	3,501,438	3,107,774	89	2,581,208	2,449,775	95	405,274	357,338	88	514,956	300,661	58
Nov.28	3,352,296	2,977,042	89	2,482,681	2,352,142	95	388,770	340,000	87	480,845	284,900	59
Dec.26	2,987,770	2,663,193	89	2,192,409	2,075,603	95	376,710	328,525	87	418,651	259,065	62

Table 4.- EMPLOYMENT ON PROJECTS OF THE WORKS PROGRESS ADMINISTRATION, ETC............................(Cont.)

Week ending	Number of persons employed											
	All agencies			Works Progress Admin.			Civilian Conserv.Corps			Other agencies		
	Total	Certified as in need of relief		Total	Certified as in need of relief		Total	Certified as in need of relief		Total	Certified as in need of relief	
		Number	%		Number	%		Number	%		Number	%
1937												
Jan.30	2,892,854	2,617,898	90	2,138,059	2,037,630	95	407,475	361,000	89	347,320	219,268	63
Feb.27	2,874,189	2,587,988	90	2,145,562	2,036,591	95	391,835	345,300	88	336,792	206,097	61
Mar.27	2,833,361	2,554,998	90	2,114,800	2,022,019	96	374,885	327,400	87	343,676	205,579	60
Apr.24	2,807,908	2,530,897	90	2,070,151	1,993,023	96	374,275	325,800	87	363,482	212,074	58
May 29	2,735,686	2,457,073	90	1,999,269	1,930,057	97	348,915	301,075	86	387,502	225,941	58
Jun.26	2,526,358	2,258,503	89	1,821,151	1,757,472	97	327,485	280,100	86	377,722	220,931	58
Jul.31	2,175,843	1,939,866	89	1,568,817	1,520,601	97	321,000	275,000	86	286,026	144,265	50
Aug.28	2,072,148	1,849,558	89	1,479,836	1,435,169	97	323,915	278,050	86	268,397	136,339	51
Sep.25	1,950,968	1,733,363	89	1,451,112	1,407,633	97	238,830	188,520	79	261,026	137,210	53
Oct.30	2,076,544	1,875,780	90	1,475,800	1,432,910	97	362,753	312,027	86	237,991	130,843	55
Nov.27	2,095,753	1,910,906	91	1,519,740	1,476,061	97	345,630	297,370	86	230,383	137,475	60
Dec.25	2,172,514	2,005,978	92	1,629,271	1,585,480	97	331,859	285,545	86	211,384	134,953	64
1938												
Jan.29	2,425,796	2,265,253	93	1,900,625	1,854,456	98	332,829	288,067	87	192,342	122,730	64
Feb.26	2,601,229	2,439,063	94	2,076,257	2,028,246	98	324,430	280,255	86	200,542	130,562	65
Mar.26	2,950,632A	2,777,086A	94	2,394,856	2,342,970	98	324,430A	280,255A	86	231,346A	153,861A	67
Apr. 2	3,007,144B	2,832,471B	94	2,445,316	2,392,496	98	324,430B	280,255B	86	237,398B	159,720B	67

A Civilian Conservation Corps data are for week ending February 26; data included in "Other Agencies" for Bureau of Public Roads are for week ending March 12.

B Civilian Conservation Corps data are for week ending February 26; data for Bureau of Public Roads are for week ending March 12; data for PWA Non-Federal are for week ending March 26.

agencies. The original application for assistance is made by the destitute person to the local relief agency, which is usually operated under the supervision of the State emergency relief administration. General rules of eligibility are established by the WPA. On the basis of these rules, the local relief office designates the eligible applicants for employment and certifies them to the WPA. The actual selection of certified applicants for work assignment, however, is the responsibility of the WPA. The planning and operation of projects again brings the localities to the fore. It is true that a few WPA projects are sponsored by the WPA or other Federal agencies. The vast majority of WPA projects, however, are locally sponsored while the remainder are sponsored by State agencies. Approval of these projects is a function of the WPA. It has been the duty of States and localities to plan and to propose useful projects, to sponsor them and to assume a large share of responsibility for the direction of the projects, and to contribute a share of the cost. Sponsors' contributions for the nation as a whole, during the latter part of 1937 averaged slightly more than 20 percent of the total cost. Obligations incurred by the WPA by sources of funds and by States are shown in table VI in the Appendix.

WPA Projects

Highway, road, and street projects account for nearly 37 percent of the total cost of all WPA projects that have been placed in operation. Public buildings and parks and other recreational facilities constitute the next largest expenditures (10.9 and 10.8 percent, respectively), followed in order by white-collar projects (10.5 percent), sewer systems (9.5 percent), and goods projects (8.7 percent). It will be for the States and localities to decide, both in terms of financial sponsorship and in terms of community needs, as to how far this outline will be maintained or changed during the fiscal year of 1938. It is anticipated, however, that much the same types of projects will be operated during the first half of 1938. Table VII in the Appendix shows the number and cost of WPA projects by types of projects.

Employment Policy

The employment provisions of the WPA at its inception in 1935 embodied the so-called "security wage" policy. This wage was a monthly amount which varied in terms of major occupational groups, broad geographical regions, and by urban-rural areas. The original payment schedule ranged from $19 per month for unskilled labor in the rural South to $94 per month for technical and professional people in the large urban areas of the North and West. In contrast to the FERA and CWA wage policies, the security wage was analogous to a monthly salary and ignored hourly wage rates. Numerous modifications in this security wage policy led to a partial adoption of the "prevailing" hourly rate policy. The ERA Act of 1936 required the payment of not less than the prevailing rate.

The employment provisions of the 1937 Act for project workers are much the same as those embodied in the 1936 Act. Workers on a WPA project will continue to put in only the necessary number of hours to earn the stipulated monthly "security wage" for their region, skills, and class of work, but the rates of pay are not to be less than the rates paid for work of a similar nature in the same locality. All persons in actual need must be given preference in employment, regardless of whether or not they have previously been on the relief rolls.

A few provisions of the 1937 Act, however, are different from those previously in force. The law now specifically provides that no relief persons employed on a work project may be retained on that job if he refuses an offer of private employment, at work he is capable of doing, if the private employer offers equivalent wages and reasonable working conditions. The 1937 Act further encourages WPA workers to accept private employment, even if it be temporary, by the provision that any such worker shall be immediately reinstated under WPA if he loses his private job through no fault of his own and is still in need of relief. Generally speaking, the WPA was attempting to carry out both of these policies for some time before they were given statutory status.

National Youth Administration

One further important aspect of the work carried on within the framework of the Works Progress Administration remains to be outlined. The concept of furnishing some special form of aid to the youth of America may be said to have its roots in the College Student Aid Program of the FERA. The National Youth Administration, which was created as a part of the WPA by Executive Order of June 26, 1935, however, was soon to expand its work much beyond the scope of the activities of its predecessor.

The approach of the NYA to the youth problem has been conducted along two main fronts. The first objective has been to provide part-time employment for needy students between 16 and 25 years of age. This policy has served the dual purpose of making it possible for many students to continue their education, while at the same time it has postponed the entrance of these young people into an already overcrowded labor market. The program operated by the NYA has extended the previous student-aid program of the FERA by making high-school students eligible for aid in addition to college students. In April 1937 the NYA reached its peak when almost 444,000 students were receiving aid under the program.

As a complementary activity, the NYA is affording employment through work projects to many youths who are not at school. These NYA projects are conducted under regulations similar to those prevailing on regular WPA projects, except that the hours worked and the wages paid are set roughly at one-third of the standard monthly security wage, and employment is limited to those between the ages of 18 and 25. During March 1938 about 153,000 youths were receiving part-time employment under this aspect of the NYA program. Those persons receiving employment under the NYA are not included in the employment totals of the Works Program shown in table 4.

Federal Agencies (Other than the WPA)

As has already been indicated, while the WPA has steadily provided from 70 to 80 percent of the total employment afforded under the Works Program, many other Federal agencies have played an important part in furnishing employment on work projects. Among the more important of these, from the point of view of size of program, are the Resettlement Administration, the Public Works Administration, and the program of Emergency Conservation Work.

The Resettlement Administration was created by Executive Order on April 30, 1935, to provide aid consistent with the particular needs of destitute persons in rural areas. To the new agency were transferred the activities of four governmental agencies which had previously been dealing with various aspects of the rural relief problem. The transferred activities included those previously carried on under the Rural Rehabilitation and Land Program of the FERA, the Land Policy Section activities of the Agricultural Adjustment Administration, the work of the Division of Subsistence Homesteads of the Department of the Interior, and the activities of the Farm Debt Adjustment Section of the Farm Credit Administration. Thus the main activities of the newly created Resettlement Administration were closely related and may be classified as rural rehabilitation, rural and suburban resettlement and land utilization.

The rural rehabilitation activities taken over from the Federal Emergency Relief Administration were designed to assist needy farm families whose land is of fair or good quality. The types of aid offered these persons are: (1) loans for purchase of livestock, farm equipment, repairs, feed, and seed; (2) grants for subsistence needs; (3) loans for community and cooperative services; and (4) negotiations for the adjustment of farm debts.

The resettlement activities of the administration included the construction of rural subsistence homesteads and suburban resettlement projects to demonstrate through efficient land and town planning the feasibility of providing low income workers with low rental homes in healthful country surroundings.

The land-use program was planned to conserve land resources, to purchase submarginal land, to aid families in moving to more suitable land, and to reduce the need for schools and roads in impoverished land areas.

Public Works Administration

The Federal Emergency Administration of Public Works, which had been created in 1933 to give employment and to stimulate industry through public construction activities, became an integral part of the Works Program in 1935. The

PWA has undertaken a Federal construction program and through grants and/or loans to States and localities, has assisted in a program of non-Federal public works. Under the Act of 1933, maximum PWA grants for State and local projects were limited to 30 percent of the cost of labor and materials; since 1935 the grants have usually been 45 percent of the total cost of the project. Sponsors of the projects have supplied the remainder of the funds, chiefly through private borrowing, but in many cases through PWA loans.

States and localities initiate the proposals for non-Federal projects and make application for Federal financial assistance. The sponsors themselves let the bids, award the contracts, and must contract with the PWA to carry out the work in conformity with the Federally-prescribed rules and regulations concerning labor and construction conditions. These rules, and the supervision exercised by the PWA, have been designed to make the expenditures accomplish the greatest amount of employment possible in heavy construction work. The projects for which the PWA has made allotments are located in all but three of the 3,071 counties of the United States. These undertakings include waterworks, sewage systems, schools, hospitals and other public buildings, streets, highways, bridges, tunnels, power plants and distribution systems, recreational facilities, and similar public works. Low-cost housing developments were also built in cities on local application, but as Federal projects.

Emergency Conservation Work

The activities of this agency may be divided into three major groups: work carried on by the Civilian Conservation Corps (which employs young unmarried men from 17 to 28 years of age and war veterans on relief), conservation work performed by Indians on reservations, and emergency conservation work in the territories. The Civilian Conservation Corps is the largest of these divisions, providing almost 97 percent of the total employment in emergency conservation work. On February 26, 1938 there were 324,000 young persons receiving employment through the Civilian Conservation Corps.

The main objectives of the Civilian Conservation Corps program are the improvement of the Nation's forests and parks, and their protection against fire and the ravages of insects and disease; the control of soil erosion on valuable agricultural and timber land; the development of more adequate recreational areas; the prosecution of flood control operations; and the conservation of wild life.

Other Agencies

While many more agencies have participated in the Works

Program, their programs have not been so large in terms of expenditures and employment as those of the agencies already discussed. The projects approved for prosecution by the permanent departments have almost consistently involved activities supplementing normal work. The Works Program has thus been instrumental in accelerating the development and researches of these agencies. The War and Navy Departments, for example, have undertaken construction and repair of their property; the Soil Conservation Service and the Bureau of Reclamation have expanded their activities, etc. The obligations incurred by the entire Works Program are shown in the Appendix, table VIII.

In summary, the Works Program, through newly created agencies and previously established agencies, has developed a wide variety of projects in many fields of activity to give employment to persons unable to obtain work in normal public or private enterprise. Through this program the Federal Government is carrying on its major work in the field of unemployment relief. In the WPA program particularly, Federal responsibility for a large group of the destitute unemployed is assumed; and work is provided in every part of the country.

THE SOCIAL SECURITY PROGRAM

Under the division of relief responsibility which was effected in 1935, the Federal Government not only accepted primary responsibility for aiding employable persons who were out of work, but also undertook to assist the States in the support of certain groups of unemployables. Federal assistance to unemployable persons, in accordance with the Social Security Act of 1935, takes the form of grants to the States for public assistance to the needy aged, needy blind, and needy dependent children. In addition, the Act provides for two types of assistance to which individuals will be entitled without any proof of need--unemployment compensation and old-age benefits.

In order to effect higher standards of public assistance, and also to liberalize certain phases of public aid and extend coverage, the Social Security Board requires, for approval of State plans, State-wide operation, State participation in financing, and State responsibility for the actual administration or the supervision of administration of aid to the needy. To encourage the payment of more adequate benefits, the Federal Government has assumed the responsibility of granting the States amounts proportional to those which the States themselves contribute for distribution to the various groups of needy individuals.

Aid to Dependent Children

Although some aid was being extended for dependent children prior to the enactment of Social Security legislation, the majority of the States' laws were not mandatory and during the depression many localities had become unable or were unwilling to continue paying benefits. In the early summer of 1935 it was estimated that 358,000 families on the FERA program had no adult male breadwinners. Attention was focused on the need for special aid to this group when plans for the termination of the Federal Emergency Relief Administration were announced.

The Social Security Act provides for Federal contributions of one-third of the States' outlay for the care of dependent children.1/ In any month the Federal Government's contribution may not exceed $6 for one child and $4 for each additional child at home. By January 1938, 38 States, the District of Columbia, and Hawaii were operating approved plans for aid to dependent children.

1/ The Act also provides for grants to States to extend maternal and child welfare services, services to crippled children, and other services for the protection and care of "homeless, dependent and neglected children, and children in danger of becoming delinquent."

In a year the number of families with dependent children, aided under approved plans increased approximately fourfold, from 26,670 in February 1936 to 117,560 in January 1937. By January 1938, this number further increased to 218,499. The total Federal, State, and local funds expended (exclusive of administrative expenses) rose during the period, February 1936 to January 1937, from $604,962 to $3,331,728, with such funds totalling $7,004,022 for the month of January 1938. Average benefits per family with dependent children amounted to $32.06 for the month of January 1938.

Aid to the Blind

According to the Census of 1930 approximately 63,500 persons in the United States were blind; the inclusion of individuals with seriously impaired vision would probably bring the total to more than 100,000. According to the same census 70 percent of the blind were over 45 years of age and 45 percent were over 65.

The Social Security Act provides for Federal assistance equal to one-half of the total benefits paid to blind persons not in institutions. The Federal Government's share may not exceed $15 per person per month. Sixteen of the 29 States in which provision had existed for the blind in 1935 had received approval of their plans by October 1936. In addition, six States and the District of Columbia which had had no legislation for aid to the blind in 1935 were operating approved plans. By January 1938, plans had been approved for 39 States, the District of Columbia, and Hawaii.

In January 1938 more persons were being cared for under approved plans than had been cared for under State provisions prior to the passage of the Social Security Act--44,836 persons for whom $1,144,964 had been expended in that one month. The average benefit was $25.54 for the month of January 1938.

Old-Age Assistance

Old-age-assistance laws have been rapidly adopted in the last half dozen years and the number of persons covered has expanded greatly. During the period from 1931 to 1934 the number of persons receiving pensions increased from 76,663 to 235,265. Although this increase was substantial, it did not include all the needy aged, for the relief census of October 1933 showed 477,230 persons on the FERA program who were 65 years of age or older. During the period of Federal relief grants to the States many aged persons were undoubtedly shifted from the State programs so as to receive aid under the emergency relief programs.

By January 1938, 47 States, the District of Columbia, Hawaii, and Alaska had enacted legislation in conformity with Social Security Act standards; that is, the laws were mandatory on all political subdivisions, a person could claim relief at 70,[1] and residence requirements were made less stringent. The Federal Government encourages the States to enact conforming laws by offering to pay half the benefits, up to a maximum Federal contribution of $15 per person per month.

In States conducting programs in cooperation with the Social Security Board, recipients of old-age pensions numbered 247,421 in February 1936. By January 1938, the number had increased to 1,608,780 persons. Total monthly outlays rose from $3,753,290 to $31,367,388 during the same period. The average benefit per month amounted to $15.17 in February 1936 and to $19.50 in January 1938 but has not approached the total which would elicit maximum Federal aid.

The special phases of the Social Security program discussed above are designed to aid certain groups found upon investigation to be in need. The assistance granted to these destitute persons is not provided unless the fact of need is established. The numbers aided under the public assistance provisions of the Act are shown in chart 4. In tables IX and X in the Appendix the numbers aided and the obligations incurred by these programs are shown.

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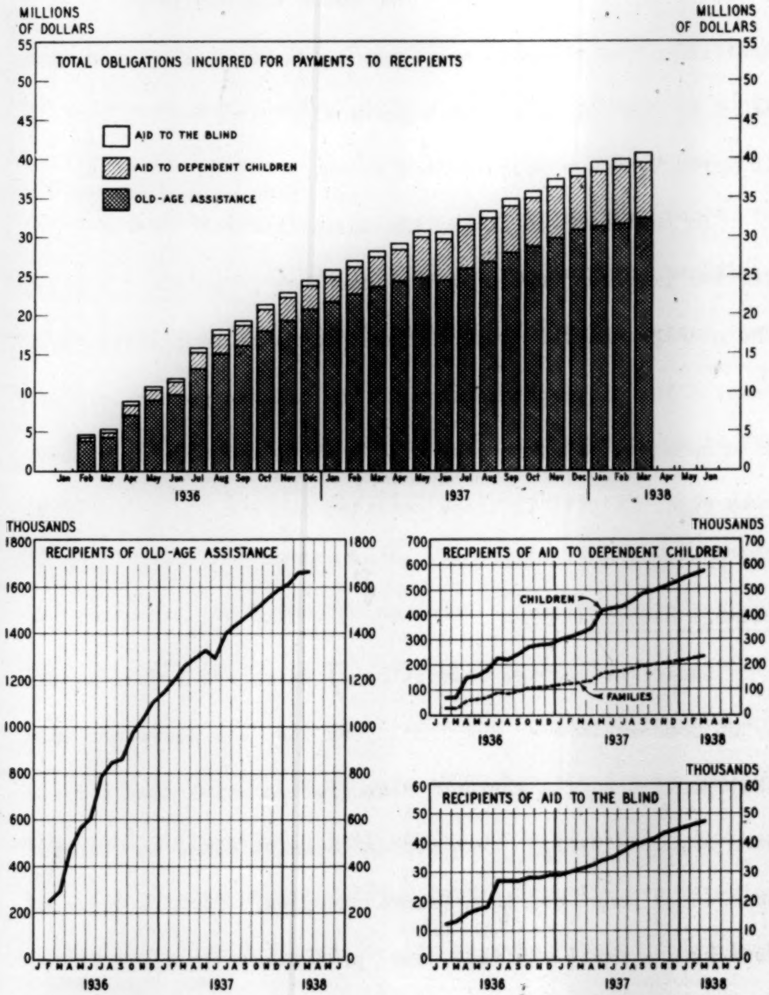
[1] The Social Security Act requires that by 1940, State laws must lower the age requirement to 65. Actually, in only a few States is the age requirement above 65 at the present time.

In contrast to these the Social Security Act provides for two programs based on the insurance principle: namely, the old-age benefit and the unemployment-compensation systems. The distinction between the old-age pension program with pensions based on need and the old-age benefit system, with benefits paid to those entitled to them, is of particular importance.

Old-Age Benefits

Under the old-age benefit plan, taxes are levied equally on both employers and employees and are assessed upon that portion of the workers' remuneration which does not exceed $3,000 a year. This old-age benefit plan, in contrast to old-age pensions, is a Federal program. Certain types of workers are excluded from the plan--those in agriculture, domestic service, casual labor, maritime service, Federal, State, and local government service, and those working for nonprofit organizations. In addition, employees in rail transportation are excluded because of the Railroad Retire-

Chart 4 PUBLIC ASSISTANCE UNDER THE SOCIAL SECURITY BOARD



Source - Social Security Board.

Works Progress Administration 2778

ment Act of 1935.

Persons falling within the scope of the Act and making the required contributions during their working years, become eligible for monthly annuities at the age of 65. There are, of course, certain qualifications. First, a claimant must have been employed during each of at least 5 years, and, second, he must have received in all at least $2,000 in wages or salaries. The scale of monthly annuities is to be computed on the basis of earnings received, and will range from $10 to $85.

The Federal old-age benefit system is not expected to eliminate the need for the old-age pension system. These programs are complementary. It has beeh estimated that almost half the gainfully occupied workers in 1930 will not come under the old-age benefit plan. Aged persons in excluded occupations and aged self-employed individuals have no recourse to benefits. Wives who survive their husbands and who receive a lump-sum settlement may require pensions to supplement this amount. Even if the insured person lives, his benefits may be inadequate to support other aged members of his family, in which case it will be necessary for the State to supplement old-age benefits by pension. Moreover, in view of the facts that benefits will not be payable until

1942, and that at the outset annuities will, on the whole, be comparatively small, considerable reliance will have to be placed on old-age pensions.

Unemployment Compensation

The Social Security Act itself does not establish a system of unemployment compensation, but it does encourage the setting up of State plans that meet certain minimum requirements. This is accomplished by crediting employers for contributions to mandatory State systems of unemployment insurance as an offset against a special Federal tax on payrolls. The Federal tax applies exclusively to employers and not to employees and is levied on all salaries, irrespective of size.

Employers in every industry are exempted if they have not employed at least eight workers during 20 weeks of a given calendar year. In addition, seven groups of labor are excluded from the Federal tax, no matter what the total employment has been. These are agriculture, domestic service in a private home, shipping within the navigable waters of the United States, service of members of the immediate family (except where the children are over 21 and the parents' establishment meets other necessary requirements), service of the Federal Government (or one of its instrumentalities) and of State and local governments, and of agencies not operated for profit. The employer is permitted to credit as an offset the amount which he contributes under an approved State unemployment insurance fund, but such credits may not exceed nine-tenths of the Federal tax for that year.

Benefits are not to be paid for two years from the initiation of the State system, and once payment begins, the disbursement of benefits will be made through public employment offices or other agencies approved by the Social Security Board.

Approved unemployment compensation programs are in existence in every State at the present time. Benefits are now available to the eligible unemployed in 24 States and the District of Columbia. With the exception of Wisconsin, these programs came into operation early in 1938 at a time when unemployment had reached very high levels. During the first week in April over 800,000 unemployed were receiving unemployment compensation benefits in 22 States and the District of Columbia.

Other States will begin benefit payments during the second half of 1938, and in 1939 all States will have unemployment-compensation programs in operation.

GENERAL RELIEF

A third aspect of the present method of relieving destitution is represented by the general relief programs of the various States. By December 1935 all States had been notified of the amounts of their final FERA grants and since that time the general relief programs have been a matter of State and local responsibility (see chart 3). The persons receiving aid under these programs are primarily the unemployables who are not receiving aid under some phase of Social Security operations but they also include employable persons and their families who have not secured employment under the Works Program. This latter group has increased rapidly in recent months because of the decline in private employment. In January 1936 about 2,216,000 families and single persons were receiving general relief in the United States. These cases represented 7,211,000 persons, or almost 6 percent of the total population. A steady decline in numbers aided is reflected in the estimated total of 1,270,000 cases for September 1937, representing 3,877,000 persons, or about 3 percent of the total population. Because of the decline in private employment during the latter part of 1937 general relief cases have increased in recent months to 1,915,000.

State rather than local governments contributed a somewhat larger portion of the total cost of general relief during 1936 and 1937. The amount contributed by States during the first six months of 1936 was more than 40 percent greater than the amount made available by States for relief purposes during the first six months of 1935. Fundamental changes have also occurred in the administration of relief activities in a number of States since the inauguration of the Works Program. Although there are many exceptions, the general tendency has been to enact legislation providing for State administration or supervision of general relief as part of the work of a unified public welfare department.

EXPENDITURES FOR RELIEF AND WORK PROGRAMS

Expenditures for the relief, work, and security programs are given in table 5. From January 1933 through December 1937, a total of $13,148,000,000 of Federal, State, and local funds was expended. This does not include the expenditures of the PWA, the Bureau of Public Roads, and several other agencies. Of the total, the Federal Government provided 9.7 billion dollars, or 74 percent.

Table 5.- AMOUNT OF FEDERAL, STATE, AND LOCAL FUNDS USED FOR SECURITY PROGRAM: HALF-YEAR PERIODS

January 1933 Through December 1937

Program	Total	1933 January through June	1933 July through December	1934 January through June	1934 July through December
		(In thousands of dollars)			
TOTAL............	$13,148,032	$507,220	$799,914	$1,463,639	$1,190,007
Federal........	9,673,313	307,001	590,502	1,163,694	924,469
State and local	3,474,719	200,219	209,412	299,945	265,538
General and emergency relief (FERA and State and local relief agencies).......	5,108,699	419,507	373,631	546,768	932,211
Federal........	2,951,352	258,983	222,040	354,554	712,045
State and local	2,157,347	160,524	151,591	192,214	220,166
Civil Works program............	931,103	-	219,057	712,046	-
Federal........	844,067	-	199,135	644,932	-
State and local	87,036	-	19,922	67,114	-
WPA and NYA programs...........	4,362,668	-	-	-	-
Federal B	3,805,098	-	-	-	-
State and local	557,570	-	-	-	-
Civilian Conservation Corps Federal........	1,806,120	48,018	169,327	164,208	212,424
Categorical assistance......	939,442	39,695	37,899	40,617	45,372
Federal (Social Security Board)	266,676	-	-	-	-
State and local	672,766	39,695	37,899	40,617	45,372

Table 5.- AMOUNT OF FEDERAL, STATE, AND LOCAL FUNDS, ETC....................(Cont.)

Program	1935		1936		1937	
	January through June	July through December	January through June	July through December	January through June	July through December[A]
	(In thousands of dollars)					
TOTAL............	$1,378,068	$1,334,343	$1,728,329	$1,697,802	$1,654,791	$1,393,919
Federal........	1,064,710	1,032,960	1,297,206	1,256,995	1,157,436	878,340
State and local	313,358	301,383	431,123	440,807	497,355	515,579
General and emergency relief (FERA and State and local relief agencies).......	1,114,129	718,835	302,976	227,610	246,862	226,170
Federal........	858,642	506,250	27,086	7,734	4,018	-
State and local	255,487	212,585	275,890	219,876	242,844	226,170
Civil Works program............	-	-	-	-	-	-
Federal........	-	-	-	-	-	-
State and local	-	-	-	-	-	-
WPA and NYA programs...........	-	279,313	1,124,462	1,141,813	1,016,404	800,676
Federal[A]	-	256,503	1,037,162	1,007,462	875,445	628,526
State and local	-	22,810	87,300	134,351	140,959	172,150
Civilian Conservation Corps						
Federal........	206,068	270,207	211,566	181,021	193,281	150,000
Categorical assistance......	57,871	65,988	89,325	147,358	198,244	217,073
Federal (Social Security Board)	-	-	21,392	60,778	84,692	99,814
State and local	57,871	65,988	67,933	86,580	113,552	117,259

[A] Preliminary estimate.

[B] Excludes land utilization and rural rehabilitation programs which, although financed with Works Progress Administration funds, were administered for the most part by the Farm Security Administration.

PERMANENCE OF THE PROBLEM OF DESTITUTION

The future place and importance of these major programs of economic security must be analysed in terms of the probable permanence of destitution. The basic feature of insecurity is the inadequacy or absence of income. It is clear that many of those in destitute circumstances have no employable member in the family, hence for them public assistance is the major, and often the only, source of income. The permanence of this part of the problem of destitution is scarcely open to question. The acceptance of public responsibility for the mitigation of this aspect of destitution must be met by a permanent program. Various aspects of a permanent program have been established by the Social Security Act.

The problem of destitution among employable groups largely arises out of the failure of the economy to achieve full employment; or to the failure to provide employment at wages sufficient to meet the needs of the family. The instability of employment and the presence of some idle labor at all times has resulted in a chronic problem of destitution, varying in magnitude and intensity over the course of time. A high degree of instability is characteristic of modern economic society. This economic instability is not merely a phenomenon associated with the depression of the early 1930's or with the depression of early 1938. It has marked the development of industrialism for well over a century and, indeed, was prevalent before the emergence of the industrial processes.

The failure to provide full employment and the instability of employment over a period of time cannot be ascribed to a few simple causes. Instability in the United States appears to be a normal or expected accompaniment of the highly specialized economic system based on prices and profits. In such a system, instability of production and employment arises from a variety of processes, foremost of which are those commonly viewed as part of the cyclical movement.

Among the major factors found at work in the business cycle are those associated with money, credit, and banking. The expansible nature of the credit mechanism stimulates and makes possible the upward surge of prices, production, and incomes. The cumulative expansion, whatever its causes may be, is accompanied by a rapid growth in the very large incomes which leads to the saving of a relatively larger proportion of national income. Part of this saved income is used for investment and a stimulation of the durable capital-goods industries; part of it is used for speculation.

Large incomes also lead to an expansion in durable consumers' goods such as housing, automobiles, etc. The output of both durable producers' and durable consumers' goods advances sharply during the upswing and falls precipitately during recession, due largely to the postponable nature of the demand for them. Shifts in consumer demand, or the failure of consumers' spending to keep pace with total national income produce major repercussions in these basic industries. Relatively small changes in consumer demand may produce intensified fluctuations in the demand for durable goods. Price movements and price disparities add to the instability in production and employment; monopolistic practices designed to control price appear to aggravate the movement in output and employment.

The tendency of demand for durable goods to fluctuate widely, the existence of monopolistic enterprise and the control of price, the disparity of income distribution, and the expansible nature of the credit system are mutually reinforcing and together exert a far-reaching influence on economic instability. There is reason to expect these conditions which lead to instability to grow in importance. As living standards increase, a relatively larger part of consumers' income is spent on durable consumers' goods, many of a luxury character. And the trend toward increased industrialization leads to the employment of a relatively larger part of industrial labor in durable capital-goods industries. The trend towards large-scale monopolistic enterprise accentuates the inherent instability of the basic industries producing these durable goods. While many of the factors contributing to instability and unemployment may be amenable to a measure of control, some probably are not. In short, business cycles appear to be an inherent feature of the present economy, so that more or less cyclical unemployment may be reasonably expected as a permanent problem.

Seasonal variations in employment and output likewise influence the stability of the economic system. Many attempts have been made to reduce seasonal variations. While some of these measures have been successful and further stability is undoubtedly feasible, much seasonal unemployment appears unavoidable. In addition to the short-term seasonal lay-off, temporary maladjustments which are probably inevitable in any highly interdependent economic system also contribute to unemployment. The migration of industry and the exhaustion of natural resources often leave pools of stranded unemployed for whom little hope of employment exists. Shifts in consumer demand from one type of commodity to another also frequently result in loss of employment.

In addition to the factors noted above, technological changes contribute to the volume of unemployment. It is certain that technological displacement results at least in temporary unemployment during the period of the readjustment of the supply of labor to the altered demand. In any period some unemployment from this source will exist. This is true even if technological improvements do not alter the total demand for labor. When, however, in a given period the rate of technological improvement is greater than the growth of output, unemployment of more than a temporary character arises.

The extent of technological improvement since the war is indicated in findings of the National Research Project of the Works Progress Administration on Reemployment Opportunities and Recent Changes in Industrial Techniques. These show that the overall productivity of labor increased by 45 percent from 1920 to 1935. From 1923 to 1929 the growth of total production in all industry was sufficient to permit total employment to increase throughout the period. This increase in total employment occurred despite actual declines in the manufacturing, agricultural, and mining industries. Since 1929 productivity has continued to increase. The average increase from 1929 through 1935 for all lines of economic activity (goods and services combined) is estimated at about 10 percent.

Changes in the available supply of labor must also be considered in connection with the problem of unemployment. Each year approximately 500,000 workers are being added to the labor supply. This represents a net addition of workers after allowing for deaths and the retirement of older workers. It is likely that these annual additions to the labor supply will continue for some time to come. An additional factor affecting the supply of labor involves persons not heretofore gainfully employed who seek jobs in an effort to increase family earnings reduced by unemployment of the chief wage earner. Young persons leaving school prematurely and housewives trying to obtain jobs thus add to the total of the unemployed. Older workers who delay retirement and persons formerly independent or self-employed constitute further additions to the labor supply.

In view of these factors it appears certain that unemployment will continue to be a serious problem in the future. The sharp increase in unemployment during the closing months of 1937 lends support to this position. Part of this problem will be made up of the short-duration unemployed for whom an unemployment insurance system will provide the means of bridging the gap between jobs. This group will vary in terms of cyclical movements, with a larger proportion of them probably receiving unemployment compensation benefits during prosperity than during depression. The long-term unemployed, once their insurance benefits are exhausted, will constitute a problem for the other phases of a broad unemployment relief program. The need for a varied program of assistance to the unemployed arises from the fact that many different causes and conditions lead to loss of employment, with the losses ranging from a few weeks to several years in duration. The need for a permanent program arises from the continuing nature of the problem of unemployment.

CONCLUSION

The foregoing pages have been an attempt to trace the development of recent relief policies and to show the close interrelationships of the Federal work program, the direct relief programs of the several States, and the cooperative Federal-State activities under the Social Security Act. It has been shown that, in a widespread and prolonged depression, the Federal Government was obliged to come to the aid of the States and localities in meeting unprecedented relief rolls. Federal loans in 1932 proved insufficient, and a system of grants-in-aid was established in 1933 whereby the national government, through the Federal Emergency Relief Administration, assumed "residual" financial responsibility after States and localities had contributed to the extent of their ability. Under the FERA, work-relief programs were carried on by the States as well as systems of direct relief, while the Civil Works program inaugurated a large-scale Federal works program in the winter of 1933-34. Finally, in 1935, a somewhat more definitive division of relief responsibility between Federal and State governments was effected. The "unemployables" were returned to the care of States and localities with Federal Social Security grants to aid special categories; while the bulk of the "employables" on relief were taken care of through a Federal works program.

The nationwide unemployment crisis which characterized the depression of the early 1930's contributed to the breakdown of the local poor relief systems and the consequent entrance of the Federal Government into the relief picture. During the years 1933-1935 Federal relief policy was in the formative stages. The relief programs and policies shifted considerably but the general trend was towards differentiation of relief groups and selective treatment of these groups. On the basis of the difficulties and experience of this early period the basis of what may be a permanent relief policy was established during 1935. This broad program includes the Works Program, the Social Security Program, and the general relief programs in the States.

No single program will eliminate the distress resulting from unemployment. An integrated and perfected program of insurance, public work, and public assistance will be necessary. Under such a program unemployment insurance would care for persons who lose their jobs for relatively short periods of time. Persons unemployed for protracted periods would receive incomes through work programs. The most important fact is that unemployment relief can no longer be regarded as a temporary problem to be treated on an emergency basis. In view of the underlying economic factors, the problem of unemployment must be viewed as a continuing one to be met by means of a permanent comprehensive program of economic security.

APPENDIX

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Table I-A.- AMOUNT OF OBLIGATIONS INCURRED FOR EMERGENCY RELIEF, BY STATES AND BY SOURCES OF FUNDS [A]

1933 Through 1935

State	Total	Federal funds		State funds		Local funds	
		Amount	%	Amount	%	Amount	%
Ala.	$47,318,376	$44,762,571	95	$312,212	(B)	$2,243,593	5
Ariz.	19,214,371	16,170,501	84	2,660,321	14	383,549	2
Ark.	41,524,165	40,001,661	96	305,136	1	1,217,368	3
Calif.	235,096,613	158,041,750	67	38,209,480	16	38,845,383	17
Colo.	46,509,880	39,269,117	84	2,100,257	5	5,140,506	11
Conn.	53,526,634	23,514,388	44	5,300,394	10	24,711,852	46
Del.	5,194,435	2,103,468	40	2,107,942	41	983,025	19
D. C.	20,012,872	14,665,529	73	-	-	5,347,343	27
Fla.	42,376,989	40,361,552	95	15,492	(B)	1,999,945	5
Ga.	47,730,325	44,793,264	94	5	(B)	2,937,056	6
Idaho	15,883,655	13,359,321	84	806,612	5	1,717,722	11
Ill.	308,672,762	232,791,591	75	62,119,849	20	13,761,322	5
Ind.	80,303,842	51,782,792	65	164,635	(B)	28,356,415	35
Iowa	41,764,128	24,126,482	58	4,169,752	10	13,467,894	32
Kans.	54,747,935	39,949,245	73	470,877	1	14,327,813	26
Ky.	45,078,692	38,819,639	86	2,573,998	6	3,685,055	8
La.	53,126,959	51,495,793	97	1,697	(B)	1,629,469	3
Maine	23,299,386	11,787,577	51	2,087,142	9	9,424,667	40
Md.	45,916,020	33,349,321	73	10,127,288	22	2,439,411	5
Mass.	218,996,550	114,510,390	52	560,381	(B)	103,925,779	48
Mich.	173,020,332	127,137,454	74	26,466,306	15	19,416,572	11
Minn.	88,657,414	67,695,056	76	5,545,818	6	15,416,540	18
Miss.	32,179,719	30,948,147	96	208,334	1	1,023,238	3
Mo.	82,747,423	64,083,417	77	9,008,186	11	9,655,820	12
Mont.	25,334,633	22,439,392	89	451,219	2	2,444,022	9
Nebr.	28,091,784	21,583,107	77	2,748	(B)	6,505,929	23
Nev.	5,724,742	5,074,574	89	130,489	2	519,679	9
N. H.	12,299,611	5,493,617	45	3,664,359	30	3,141,635	25
N. J.	138,413,433	94,725,915	68	32,832,757	24	10,854,761	8
N. Mex.	15,269,713	14,738,853	97	351,293	2	179,567	1
N. Y.	726,684,294	385,601,208	53	125,445,319	17	215,637,767	30
N. C.	39,657,112	38,402,296	97	-	-	1,254,816	3
N. D.	28,802,104	24,856,991	86	41,938	(B)	3,903,175	14
Ohio	219,473,200	170,540,527	78	33,017,460	15	15,915,213	7
Okla.	51,874,144	44,864,484	86	364,785	1	6,644,875	13

Table I-A.- AMOUNT OF OBLIGATIONS INCURRED FOR EMERGENCY RELIEF. . . . . (Cont.)

State	Total	Federal funds		State funds		Local funds	
		Amount	%	Amount	%	Amount	%
Oreg.	$27,717,907	$22,018,553	80	$2,582,754	9	$3,116,600	11
Pa.	446,355,327	316,686,933	71	104,695,574	23	24,972,820	6
R. I.	20,190,295	7,940,253	39	5,299,281	26	6,950,761	35
S. C.	36,613,734	35,866,576	98	1,324	(B)	745,834	2
S. D.	35,957,208	32,234,557	90	-	-	3,722,651	10
Tenn.	36,897,618	34,449,851	93	893,324	3	1,554,443	4
Texas	97,152,410	76,693,808	79	19,412,654	20	1,045,948	1
Utah	25,041,740	19,754,620	79	3,370,051	13	1,917,069	8
Vt.	6,013,946	3,406,100	56	39,845	1	2,568,001	43
Va.	26,361,447	23,779,324	90	34,452	(B)	2,547,671	10
Wash.	48,890,429	39,965,184	82	5,919,720	12	3,005,525	6
W. Va.	57,232,504	50,655,633	88	5,016,987	9	1,559,884	3
Wisc.	109,901,020	79,669,888	72	4,234,316	4	25,996,816	24
Wyo.	7,724,461	7,044,855	91	267,039	4	412,567	5
TOTAL	4,096,574,293	2,904,007,125	71	523,391,802	13	669,175,366	16

A Includes relief extended to cases under the general relief program, cost of administration and special programs; beginning April 1934 these figures also include purchases of materials, supplies, and equipment, rental of equipment (such as team and truck hire), earnings of nonrelief persons, and other costs of the Emergency Work Relief Program.

B Less than 1 percent.

NOTE: These data do not agree exactly with the totals shown in table 5 in the text because of a small miscellaneous amount which cannot be allotted to any specific State.

Table I-B.- AMOUNT OF OBLIGATIONS INCURRED FOR RELIEF, BY STATES AND BY SOURCES OF FUNDS

January 1936 Through June 1937

State	Total A	Federal funds B		State and local funds	
		Amount	%	Amount	%
		(In thousands of dollars)			
Alabama	$705	$357	51	$348	49
Arizona	1,997	549	27	1,448	73
Arkansas	1,328	769	58	559	42
California	53,263	1,647	3	51,616	97
Colorado	4,527	161	4	4,366	96
Connecticut	10,183	614	6	9,569	94
Delaware	657	(C)	-	657	100
Dist. of Columbia	3,024	665	22	2,359	78
Florida	2,213	1,383	62	830	38
Georgia	3,111	1,120	36	1,991	64
Idaho	1,257	219	17	1,038	83
Illinois	74,763	1,173	2	73,590	98
Indiana	10,349	979	9	9,370	91
Iowa	12,063	1,058	9	11,005	91
Kansas	6,966	184	3	6,782	97
Kentucky	2,084	302	14	1,782	86
Louisiana	3,089	613	20	2,476	80
Maine	5,623	102	2	5,521	98
Maryland	3,961	58	1	3,903	99
Massachusetts	35,431	1,136	3	34,295	97
Michigan	30,741	452	1	30,289	99
Minnesota	20,601	917	4	19,684	96
Mississippi	404	244	60	160	40
Missouri	9,554	1,320	14	8,234	86
Montana	1,716	106	6	1,610	94
Nebraska	3,806	1,099	29	2,707	71
Nevada	662	114	17	548	83
New Hampshire	3,878	204	5	3,674	95
New Jersey	29,038	71	(D)	28,967	100
New Mexico	1,082	330	30	752	70
New York	219,600	1,623	1	217,977	99
North Carolina	1,926	476	25	1,450	75
North Dakota	3,568	1,384	39	2,184	61
Ohio	41,264	1,228	3	40,036	97
Oklahoma	4,544	529	12	4,015	88

Table I-B.- AMOUNT OF OBLIGATIONS INCURRED FOR RELIEF. . . .(Cont.)

(In thousands of dollars)

State	Total A	Federal funds B		State and local funds	
		Amount	%	Amount	%
Oregon	$3,679	$336	9	$3,343	91
Pennsylvania	104,352	5,845	6	98,507	94
Rhode Island	5,344	149	3	5,195	97
South Carolina	1,508	1,315	87	193	13
South Dakota	2,339	297	13	2,042	87
Tennessee	2,250	874	39	1,376	61
Texas	5,202	1,651	32	3,551	68
Utah	2,295	282	12	2,013	88
Vermont	1,804	156	9	1,648	91
Virginia	2,388	408	17	1,980	83
Washington	9,051	328	4	8,723	96
West Virginia	5,524	244	4	5,280	96
Wisconsin	19,755	1,274	6	18,481	94
Wyoming	578	92	16	486	84
TOTAL	775,047	36,437	5	738,610	95

A These data have a somewhat broader coverage than data for preceding years in that they are not limited to emergency relief but are intended to include all relief extended to cases from public funds exclusive of institutional care and special types of assistance. These figures include estimates of the amount of relief extended to cases in States for which complete data are not available. Other general relief costs including administrative have been used as reported by the States, although the figures for a number of States are incomplete while those for others include extraneous items.

B Represent obligations incurred against balances remaining from final grants made by the Federal Emergency Relief Administration to the States.

C Less than $500.

D Less than 1 percent.

NOTE: These data do not agree exactly with the totals shown in table 5 in the text because of a small miscellaneous amount which cannot be allotted to any specific State.

Table II-A.- AVERAGE MONTHLY RELIEF BENEFITS PER FAMILY,[A] BY MONTHS

May 1933 Through December 1935

Months	Years		
	1933	1934	1935
January	(B)	$17.15	$30.45
February	(B)	17.24	28.00
March	(B)	17.73	28.82
April	(B)	22.12	28.96
May	$15.15	24.53	29.33
June	15.95	23.83	28.17
July	15.51	24.34	29.63
August	16.29	25.97	28.43
September	17.42	24.22	25.87
October	19.08	26.43	27.84
November	18.47	28.39	23.90
December	17.62	28.42	23.21

[A] The families used in obtaining these averages include not only those who received relief throughout the month but also those who received relief during part of the period. The averages, which are computed by dividing the amount of obligations incurred for relief to families by the number of families who received relief at any time during the month, therefore, understate to some extent the average benefit to families wholly dependent on relief.

[B] Not available.

Table II-B.- AVERAGE AMOUNT OF GENERAL RELIEF EXTENDED PER CASE, BY MONTHS

January 1936 Through January 1938

Months	Years		
	1936	1937	1938
January	$21.62	$22.79	$24.41
February	21.95	22.73	
March	22.17	23.60	
April	21.94	23.02	
May	21.11	21.92	
June	21.37	22.03	
July	21.26	23.06	
August	20.72	23.54	
September	21.63	23.97	
October	22.01	24.22	
November	22.71	24.79	
December	24.05	25.25	

Note.- Average monthly relief benefits per family are not available after December 1935.

Table III.- NUMBER OF RESIDENT CASES RECEIVING EMERGENCY RELIEF UNDER THE GENERAL RELIEF AND SPECIAL PROGRAMS, CONTINENTAL UNITED STATES

January 1933 Through January 1938

Year and Month	Grand Total	General Relief Program			Special Programs			
		Total	Direct Relief Only	Work Relief A	Total	Emergency Education B	College Student Aid C	Rural Rehabilitation D
1933								
Jan.	4,290,000E	4,290,000E	2,720,000E	1,570,000E	-	-	-	-
Feb.	4,610,000E	4,610,000E	2,880,000E	1,730,000E	-	-	-	-
Mar.	5,080,000E	5,080,000E	3,110,000E	1,970,000E	-	-	-	-
Apr.	4,913,675F	4,913,675F	2,964,930F	1,948,745F	-	-	-	-
May	4,723,450F	4,723,450F	2,821,243F	1,902,207F	-	-	-	-
June	4,191,290F	4,191,290F	2,546,593F	1,644,697F	-	-	-	-
July	3,908,068	3,908,068	2,228,812	1,679,256	-	-	-	-
Aug.	3,760,654	3,760,654	2,042,480	1,718,174	-	-	-	-
Sep.	3,404,821	3,404,821	1,965,353	1,439,468	-	-	-	-
Oct.	3,445,380	3,445,198	1,980,929	1,464,269	182	182	-	-
Nov.	3,829,398	3,827,370	2,274,688	1,552,682	2,028	2,028	-	-
Dec.	3,078,099	3,067,742	2,900,842	166,900	10,357	10,227	130	-
1934								
Jan.	2,954,453	2,928,076	2,834,952	93,124	26,377	25,263	1,114	-
Feb.	3,152,502	3,087,883	2,992,896	94,987	64,619	33,124	31,495	-
Mar.	3,696,582	3,603,472	3,443,470	160,002	93,110	32,943	60,167	-
Apr.	4,444,908	4,355,289	3,266,868	1,088,421	89,619	23,770	65,524	325
May	4,434,928	4,337,288	2,975,751	1,361,537	97,640	17,216	62,353	18,071
June	4,330,799	4,260,621	2,756,076	1,504,545	70,178	8,399	34,356	27,423
July	4,394,837	4,355,527	2,630,215	1,725,312	39,310	8,534	(G)	30,776
Aug.	4,620,049	4,576,249	2,651,796	1,924,453	43,800	9,428	(G)	34,372
Sep.	4,742,102	4,620,082	2,667,993	1,952,089	122,020	13,021	68,907	40,092
Oct.	4,814,393	4.648,647	2,648,490	2,000,157	165,746	23,403	96,332	46,011
Nov.	5,004,218	4,820,822	2,655,813	2,165,009	183,396	31,306	99,699	52,391
Dec.	5,280,835	5,077,897	2,774,413	2,303,484	202,938	34,348	99,980	68,610

Table III.- NUMBER OF RESIDENT CASES RECEIVING EMERGENCY RELIEF, ETC....................(Cont.)

Year and Month	Grand Total	General Relief Program			Special Programs			
		Total	Direct Relief Only	Work Relief A	Total	Emergency Education B	College Student Aid C	Rural Rehabilitation D
1935								
Jan.	5,490,423	5,276,065	2,829,799	2,446,266	214,358	39,839	102,297	72,222
Feb.	5,473,182	5,240,154	2,805,581	2,434,573	233,028	42,424	103,254	87,350
Mar.	5,493,564	5,171,690	2,802,085	2,369,605	321,874	44,248	104,740	172,886
Apr.	5,371,309	5,013,266	2,737,081	2,276,185	358,043	43,674	104,445	209,924
May	5,188,434	4,842,009	2,645,356	2,196,653	346,425	40,962	100,013	205,450
June	4,821,671	4,533,572	2,512,483	2,021,089	288,099	32,297	52,190	203,612
July	4,397,052	4,368,825	2,440,053	1,928,772	28,227	28,227	-	-
Aug.	4,249,798	4,218,180	2,806,718	1,411,462	31,618	31,618	-	-
Sep.	3,933,423	3,908,187	3,018,960	889,227	25,236	25,236	-	-
Oct.	3,741,074	3,721,606	3,076,597	645,009	19,468	19,468	-	-
Nov.	3,478,971	3,462,298	3,116,161	346,137	16,673	16,673	-	-
Dec.	2,616,009	2,608,079	2,548,668	59,411	7,930	7,930	-	-
1936								
Jan.H	2,216,000	2,215,202	2,188,204	26,998	798	798	-	-
Feb.H	2,135,000	2,134,776	2,113,428	21,348	224	224	-	-
Mar.H	2,010,000	2,009,744	1,986,991	22,753	256	256	-	-
Apr.H	1,826,000	1,825,870	1,804,677	20,993	130	130	-	-
May H	1,657,000	1,656,848	1,637,330	19,518	152	152	-	-
JuneH	1,553,000	1,552,841	1,533,193	19,648	159	159	-	-
JulyH	1,448,000	1,447,860	1,427,643	20,217	140	140	-	-
Aug.H	1,430,000	1,429,924	1,412,195	17,729	76	76	-	-
Sep.H	1,387,000	1,386,974	1,370,624	16,350	26	26	-	-
Oct.H	1,394,000	1,393,971	1,378,858	15,113	29	29	-	-
Nov.H	1,403,000	1,402,995	1,389,588	13,407	5	5	-	-
Dec.H	1,508,000	1,507,994	1,493,241	14,753	6	6	-	-

Table III.- NUMBER OF RESIDENT CASES RECEIVING EMERGENCY RELIEF, ETC....................(Cont.)

Year and Month	Grand Total	General Relief Program			Special Programs			
		Total	Direct Relief Only	Work Relief A	Total	Emergency Education B	College Student Aid C	Rural Rehabilitation D
1937								
Jan.H	1,659,000	1,658,987	1,643,297	15,690	13	13	-	-
Feb.H	1,723,000	1,722,991	1,707,360	15,631	9	9	-	-
Mar.H	1,681,000	1,680,951	1,666,358	14,593	49	49	-	-
Apr.H	1,558,000	1,558,000	1,558,000K	(L)	(L)	(L)	-	-
May H	1,394,000	1,394,000	1,394,000K	(L)	(L)	(L)	-	-
JuneH	1,283,000	1,283,000	1,283,000K	(L)	(L)	(L)	-	-
JulyH	1,262,000	1,262,000	1,262,000K	(L)	(L)	(L)	-	-
Aug.H	1,272,000	1,272,000	1,272,000K	(L)	(L)	(L)	-	-
Sep.H	1,270,000	1,270,000	1,270,000K	(L)	(L)	(L)	-	-
Oct.H	1,272,000	1,272,000	1,272,000K	(L)	(L)	(L)	-	-
Nov.H	1,375,000	1,375,000	1,375,000K	(L)	(L)	(L)	-	-
Dec.H	1,636,000	1,636,000	1,636,000K	(L)	(L)	(L)	-	-
1938								
Jan.H	1,915,000	1,915,000	1,915,000K	(L)	(L)	(L)	-	-

A Includes only cases receiving work relief for the period January 1933 through March 1934, and cases receiving Emergency Work Relief Program earnings for the period April 1934 through December 1935. The data shown for the period January 1936 through March 1937 refer only to the program conducted by the State and local emergency relief administrations; they are actual reported figures.

B Program started in October 1933 and was gradually curtailed in the latter part of 1935, at which time similar activities were undertaken by WPA.

C Program started during December 1933 in Minnesota and during February 1934 in other States and was discontinued at the end of the school year 1934-35. Since this time a student-aid program has been conducted by the NYA.

D Program started during April 1934 and was transferred to the Resettlement Administration as of June 30, 1935.

E Estimated. F Partially estimated. G Program not in operation.

H Tentative estimate--not strictly comparable with data for months prior to January 1936 since data are not limited to emergency relief.

K Includes a slight number of work relief and emergency education cases.

L Not available; see footnote K.

Table IV.- AMOUNT OF OBLIGATIONS INCURRED FOR THE GENERAL RELIEF AND SPECIAL PROGRAMS, CONTINENTAL UNITED STATES, BY MONTHS
January 1933 Through December 1935

Year and Month	Grand total	General Relief Program						
		Total	Direct relief	Work Relief A				
				Total	Earnings			Pur. of mat'ls. Supp. & Equip.
					Total	Relief persons	Non-relief persons	
				(In thousands of dollars)				
1933								
Jan.	$60,827	$57,956	$39,051F	$18,905F	$18,905F	$18,905F	-	-
Feb.	67,375	63,966	42,453F	21,513F	21,513F	21,513F	-	-
Mar.	81,206	76,820	50,201F	26,619F	26,619F	26,619F	-	-
Apr.	72,954	68,637	44,325	24,312	24,312	24,312	-	-
May	70,807	66,517	41,348	25,169	25,169	25,169	-	-
June	66,338	62,055	39,425	22,630	22,630	22,630	-	-
July	60,095	56,256	34,675	21,581	21,581	21,581	-	-
Aug.	61,468	57,197	33,401	23,796	23,796	23,796	-	-
Sep.	59,338	54,754	32,788	21,966	21,966	21,966	-	-
Oct.	64,905	60,080	35,254	24,826	24,826	24,826	-	-
Nov.	70,878	65,092	43,377	21,715	21,715	21,715	-	-
Dec.	56,597	49,139	45,671	3,468	3,468	3,468	-	-
1933	792,788	738,469	481,969	256,500	256,500	256,500	-	-
1934								
Jan.	54,109	45,313	43,752	1,561	1,561	1,561	-	-
Feb.	57,113	47,555	45,851	1,704	1,704	1,704	-	-
Mar.	69,637	57,682	54,288	3,394	3,394	3,394	-	-
Apr.	111,692	88,349	54,544	33,805	33,805	33,805	(G)	(G)
May	128,508	108,077	54,932	53,145	48,964	42,681	$6,283	$4,181
June	125,401	105,926	51,105	54,821	48,554	42,424	6,130	6,267
July	130,909	110,249	50,179	60,070	53,309	47,355	5,954	6,761
Aug.	149,151	124,743	54,591	70,152	61,678	54,928	6,750	8,474
Sep.	141,613	116,820	52,951	63,869	55,864	50,375	5,489	8,005
Oct.	156,221	128,043	59,614	68,429	60,067	54,028	6,039	8,362
Nov.	171,942	142,182	63,225	78,957	70,091	63,069	7,022	8,866
Dec.	179,496	149,045	71,506	77,539	68,868	62,088	6,780	8,671
1934	1,475,792	1,223,984	656,538	567,446	507,859	457,412	50,447	59,587
1935								
Jan.	196,511	163,132	77,535	85,597	77,952	70,902	7,050	7,645
Feb.	180,630	147,908	72,802	75,106	68,751	62,862	5,889	6,355
Mar.	188,459	149,393	75,482	73,911	66,949	61,848	5,101	6,962
Apr.	188,348	145,310	71,970	73,340	66,463	61,333	5,130	6,877
May	188,603	144,430	67,061	77,369	69,514	63,539	5,975	7,855
June	169,471	129,990	62,681	67,309	59,861	54,384	5,477	7,448
July	160,632	132,173	65,732	66,441	58,799	53,137	5,662	7,642
Aug.	147,877	120,964	71,375	49,589	43,423	38,989	4,434	6,166
Sep.	121,197	99,618	71,658	27,960	23,753	21,184	2,569	4,207
Oct.	120,990	100,396	77,215	23,181	19,879	17,791	2,088	3,302
Nov.	95,279	78,619	67,597	11,022	9,298	8,257	1,041	1,724
Dec.	69,997	56,331	53,305	3,026	2,045	1,584	461	981
1935	1,827,994	1,468,264	834,413	633,851	566,687	515,810	50,877	67,164
GRAND TOTAL	4,096,574	3,430,717	1,972,920	1,457,797	1,331,046	1,229,722	101,324	126,751

Table IV.- AMOUNT OF OBLIGATIONS INCURRED FOR THE GENERAL RELIEF, ETC....................(Cont.)

Year and Month	Special Programs				
	Total	Emergency Education B	College Student Aid C	Rural Rehabilitation D	All Other E
	(In thousands of dollars)				
1933					
Jan.	-	-	-	-	$2,871F
Feb.	-	-	-	-	3,409F
Mar.	-	-	-	-	4,386F
Apr.	-	-	-	-	4,317
May	-	-	-	-	4,290
June	-	-	-	-	4,283
July	-	-	-	-	3,839
Aug.	-	-	-	-	4,271
Sep.	-	-	-	-	4,584
Oct.	$4	$4	-	-	4,821
Nov.	61	61	-	-	5,725
Dec.	353	350	$3	-	7,105
1933	416	415	3	-	53,901
1934					
Jan.	1,075	1,056	19	-	7,721
Feb.	1,805	1,480	325	-	7,753
Mar.	2,516	1,670	846	-	9,439
Apr.	2,195	1,247	946	$2	21,148H
May	2,340	897	923	520	18,091
June	1,738	385	311	1,042	17,737
July	1,062	376	(I)	686	19,598
Aug.	1,379	595	(I)	784	23,029
Sep.	2,226	547	547	1,132	22,567
Oct.	3,731	1,191	1,267	1,273	24,447
Nov.	4,620	1,741	1,340	1,539	25,140
Dec.	4,835	1,866	1,266	1,703	25,616
1934	29,522	13,051	7,790	8,681	222,286
1935					
Jan.	5,723	2,421	1,345	1,957	27,656
Feb.	7,462	2,334	1,346	3,782	25,260
Mar.	12,010	2,530	1,380	8,100	27,056
Apr.	16,270	2,459	1,385	12,426	26,768
May	15,957	2,415	1,298	12,244	28,216
June	12,821	1,703	384	10,734	26,660
July	1,502	1,502	-	-	26,957
Aug.	1,836	1,836	-	-	25,077
Sep.	1,211	1,211	-	-	20,368
Oct.	985	985	-	-	19,609
Nov.	848	848	-	-	15,812
Dec.	391	391	-	-	13,275
1935	77,016	20,635	7,138	49,243	282,714
GRAND TOTAL	106,956	34,101	14,931	57,924	558,901

Table IV.- AMOUNT OF OBLIGATIONS INCURRED FOR THE GENERAL RELIEF, ETC....................(Cont.)

A During the period January 1933 through March 1934, when work relief was extended at the discretion of State or local relief administrations, figures do not include cost of materials and the earnings of nonrelief persons. Beginning with April 1934, figures relate to the Emergency Work Relief Program which was conducted under policies and procedures outlined by the FERA.

B Program started in October 1933 and was gradually curtailed in the latter part of 1935, at which time similar activities were undertaken by WPA.

C Program started during December 1933 in Minnesota and during February 1934 in other States and was discontinued at the end of the school year 1934-35. Since this time a student-aid program has been conducted by the NYA.

D Program started during April 1934 and was transferred to the Resettlement Administration as of June 30, 1935.

E "All Other" includes miscellaneous expenses of the Emergency Work Relief Program, such as rental of equipment and team and truck hire; purchases of office supplies and equipment; administrative costs; transient relief, and other services and charges.

F Distribution by direct and work relief and "All Other" obligations has been estimated.

G Not available; see footnote H.

H Includes obligations incurred for earnings of nonrelief persons and purchases of materials, supplies and equipment for Emergency Work Relief Program projects during the month of April 1934.

I Program not in operation.

Table V.- FUNDS USED FOR CIVIL WORKS PROGRAM, BY STATES AND BY SOURCES OF FUNDS FOR DURATION OF PROGRAM

November 16, 1933 Through July 14, 1934

State	Total	Federal funds A		State and local funds B	
		Amount	%	Amount	%
Alabama	$18,121,982	$16,109,739	89	$2,012,243	11
Arizona	5,055,881	4,786,333	95	269,548	5
Arkansas	12,929,490	12,219,867	95	709,623	5
California	45,493,179	41,468,680	91	4,024,499	9
Colorado	8,617,816	7,432,540	86	1,185,276	14
Connecticut	11,494,364	9,884,149	86	1,610,215	14
Delaware	693,851	580,155	84	113,696	16
Dist. of Columbia	5,673,943	5,604,057	99	69,886	1
Florida	18,075,071	16,837,613	93	1,237,458	7
Georgia	15,406,211	14,092,128	91	1,314,083	9
Idaho	5,870,234	5,439,538	93	430,696	7
Illinois	62,904,161	57,601,492	92	5,302,669	8
Indiana	26,992,715	23,056,349	85	3,936,366	15
Iowa	17,859,337	14,711,654	82	3,147,683	18
Kansas	14,808,372	12,247,040	83	2,561,332	17
Kentucky	11,329,166	10,086,561	89	1,242,605	11
Louisiana	14,694,518	13,202,835	90	1,491,683	10
Maine	5,028,870	4,648,370	92	380,500	8
Maryland	9,564,022	9,042,673	95	521,349	5
Massachusetts	33,484,100	29,699,373	89	3,784,727	11
Michigan	46,953,755	44,416,469	95	2,537,286	5
Minnesota	21,615,000	19,547,495	90	2,067,505	10
Mississippi	10,551,388	9,798,966	93	752,422	7
Missouri	22,363,650	19,983,105	89	2,380,545	11
Montana	6,982,799	6,309,421	90	673,378	10
Nebraska	7,880,859	6,178,767	78	1,702,092	22
Nevada	1,453,893	1,299,562	89	154,331	11
New Hampshire	3,373,415	3,028,076	90	345,339	10
New Jersey	30,030,461	27,732,022	92	2,298,439	8
New Mexico	2,606,752	2,352,060	90	254,692	10
New York	98,543,237	86,835,306	88	11,707,931	12
North Carolina	14,108,046	12,942,379	92	1,165,667	8
North Dakota	5,607,830	5,101,544	91	506,286	9
Ohio	63,512,381	58,434,269	92	5,078,112	8
Oklahoma	19,072,662	17,819,787	93	1,252,875	7

Table V.- FUNDS USED FOR CIVIL WORKS PROGRAM. . . . . (Cont.)

State	Total	Federal funds A		State and local funds B	
		Amount	%	Amount	%
Oregon	$7,359,176	$6,501,076	88	$858,100	12
Pennsylvania	52,676,535	46,241,696	88	6,434,839	12
Rhode Island	4,388,617	3,822,996	87	565,621	13
South Carolina	11,043,783	10,349,401	94	694,382	6
South Dakota	8,760,988	6,843,143	78	1,917,845	22
Tennessee	14,042,300	13,225,789	94	816,511	6
Texas	33,706,137	33,706,137	100	(C)	-
Utah	5,258,302	4,524,451	86	733,851	14
Vermont	2,148,586	1,777,522	83	371,064	17
Virginia	12,907,927	12,154,637	94	753,290	6
Washington	16,247,558	13,556,504	83	2,691,054	17
West Virginia	13,522,040	13,014,316	96	507,724	4
Wisconsin	36,420,644	34,489,234	95	1,931,410	5
Wyoming	2,999,004	2,461,459	82	537,545	18
Various	10,868,053	10,868,053	100	-	-
TOTAL	931,103,061	844,066,788	91	87,036,273	9

A Represents CWA funds advanced to States adjusted for miscellaneous repayments to the Treasury through November 1936, and obligations incurred from FERA funds for Civil Works as reported by the States.

B As reported by the State Civil Works Administrations to the Federal Civil Works Administration.

C Not reported.

Table VI.- FUNDS USED FOR WORKS PROGRESS ADMINISTRATION PROGRAM, BY STATES AND BY SOURCES OF FUNDS

Through October 1937

State	Total A	Federal funds		State and local funds	
		Amount	%	Amount	%
Alabama	$44,465,403	$37,107,709	83	$7,357,694	17
Arizona	17,295,257	13,431,097	78	3,864,160	22
Arkansas	37,489,822	31,874,537	85	5,615,285	15
California	232,039,004	200,218,576	86	31,820,428	14
Colorado	51,093,437	42,683,018	84	8,410,419	16
Connecticut	44,877,412	38,134,439	85	6,742,973	15
Delaware	3,936,653	3,619,148	92	317,505	8
Dist. of Col.	32,492,796	31,492,239	97	1,000,557	3
Florida	40,795,722	34,560,078	85	6,235,644	15
Georgia	48,850,366	40,627,044	83	8,223,322	17
Idaho	15,297,051	11,536,385	75	3,760,666	25
Illinois	286,721,837	245,102,589	85	41,619,248	15
Indiana	121,710,596	107,471,018	88	14,239,578	12
Iowa	42,708,616	34,622,672	81	8,085,944	19
Kansas	59,518,517	49,437,700	83	10,080,817	17
Kentucky	57,677,788	48,065,555	83	9,612,233	17
Louisiana	50,298,413	43,941,299	87	6,357,114	13
Maine	14,006,083	11,841,711	85	2,164,372	15
Maryland	26,819,333	24,011,309	90	2,808,024	10
Massachusetts	187,834,588	167,752,758	89	20,081,830	11
Michigan	139,245,877	117,885,054	85	21,360,823	15
Minnesota	95,208,099	84,557,625	89	10,650,474	11
Mississippi	35,889,142	28,388,065	79	7,501,077	21
Missouri	110,958,777	98,693,536	89	12,265,241	11
Montana	25,731,030	22,938,196	89	2,792,834	11
Nebraska	36,173,567	30,270,597	84	5,902,970	16
Nevada	3,982,872	3,175,287	80	807,585	20
New Hampshire	12,716,740	10,897,164	86	1,819,576	14
New Jersey	156,940,985	140,599,724	90	16,341,261	10
New Mexico	16,735,489	14,542,354	87	2,193,135	13
New York	688,004,812	650,319,440	95	37,685,372 B	5
North Carolina	35,577,055	29,046,913	82	6,530,142	18
North Dakota	27,416,184	23,745,866	87	3,670,318	13
Ohio	265,003,129	235,547,727	89	29,455,402	11
Oklahoma	78,639,099	63,660,056	81	14,979,043	19

Table VI.- FUNDS USED FOR WORKS PROGRESS ADMINISTRATION. . .(Cont.)

State	Total A	Federal funds		State and local funds	
		Amount	%	Amount	%
Oregon	$30,716,111	$25,911,181	84	$4,804,930	16
Pennsylvania	416,275,490	392,302,820	94	23,972,670	6
Rhode Island	21,451,651	17,974,490	84	3,477,161	16
South Carolina	31,492,700	25,638,124	81	5,854,576	19
South Dakota	31,220,015	27,764,342	89	3,455,673	11
Tennessee	49,422,917	36,238,961	73	13,183,956	27
Texas	99,065,532	78,061,073	79	21,004,459	21
Utah	20,654,948	16,253,281	79	4,401,667	21
Vermont	6,563,670	5,113,013	78	1,450,657	22
Virginia	32,320,564	27,263,068	84	5,057,496	16
Washington	55,163,753	48,136,372	87	7,027,381	13
West Virginia	60,754,813	53,861,950	89	6,892,863	11
Wisconsin	104,517,935	89,207,542	85	15,310,393	15
Wyoming	8,241,033	6,268,421	76	1,972,612	24
TOTAL	4,112,012,683	3,621,793,123	88	490,219,560	12

A Includes all programs.

B In addition to amount shown, New York City has made available to the WPA approximately $2,600,000 in cash which had not been expended as of October 31, 1937; also excluded are substantial amounts expended by New York City for which reports are now being obtained.

Table VII.- NUMBER AND ESTIMATED TOTAL COST OF WORKS PROGRESS ADMINISTRATION PROJECTS PLACED IN OPERATION, BY TYPES OF PROJECTS AND BY OPERATING STATUS

Cumulative Through September 30, 1937

Type of Project	All Projects			Active Projects		Completed Projects	
	Number	Estimated total cost		Number	Estimated total cost	Number	Estimated total cost
		Amount	%				
GRAND TOTAL	158,036	$4,690,134,316	100	32,705	$2,080,691,377	125,331	$2,609,442,939
Highways, roads, and streets	48,328	1,716,575,184	36	9,044	812,259,390	39,284	904,315,794
Highways--primary roads	439	28,804,594	(A)	107	12,850,395	332	15,954,199
Farm-to-market and other secondary roads	20,504	547,016,941	12	3,663	237,284,069	16,841	309,732,872
Streets and alleys	10,571	432,681,369	9	1,853	188,790,261	8,718	243,891,108
Sidewalks, curbs, and paths	3,871	82,754,642	2	840	40,620,734	3,031	42,133,908
Roadside improvements	3,603	129,028,409	3	533	62,762,899	3,070	66,265,510
Bridges and viaducts	2,605	37,409,459	(A)	282	12,846,189	2,323	24,563,270
Grade-crossing elimination	19	215,453	(A)	-	-	19	215,453
Other B	6,716	458,664,317	10	1,766	257,104,843	4,950	201,559,474
Public buildings	25,684	509,616,389	11	4,480	199,297,327	21,204	310,319,062
Administrative	3,705	68,905,807	1	576	27,095,590	3,129	41,810,217
Charitable, medical, and mental institutions	1,607	50,545,697	1	296	16,005,678	1,311	34,540,019
Educational	11,603	171,399,545	4	1,920	68,562,574	9,683	102,836,971
Social and recreational	3,269	79,869,011	2	689	28,546,036	2,580	51,322,975
Federal (including military and naval)	696	37,910,643	1	154	12,898,825	542	25,011,818
Improvement of grounds	3,337	51,298,154	1	539	19,960,961	2,798	31,337,193
Housing and demolition	44	10,540,711	(A)	4	4,470,695	40	6,070,016
Other B	1,423	39,146,821	1	302	21,756,968	1,121	17,389,853
Parks and other recreational facilities	10,130	508,010,445	11	2,065	193,578,526	8,065	314,431,919
Playgrounds and athletic fields	3,951	68,970,910	2	667	22,552,559	3,284	46,418,351
Parks	4,302	228,299,840	5	954	114,403,469	3,348	113,896,371
Other B	1,877	210,739,695	4	444	56,622,498	1,433	154,117,197

Table VII.- NUMBER AND ESTIMATED TOTAL COST OF WORKS PROGRESS ADMINISTRATION PROJECTS, ETC...........(Cont.)

Type of Project	All Projects			Active Projects		Completed Projects	
	Number	Estimated total cost		Number	Estimated total cost	Number	Estimated total cost
		Amount	%				
Conservation..................	6,711	$222,484,482	5	1,079	$97,301,539	5,632	$125,182,943
Forestation..................	237	5,035,824	(A)	23	1,439,581	214	3,596,243
Erosion control and land utilization...............	396	8,753,802	(A)	55	3,726,573	341	5,027,229
Irrigation and water conservation....................	4,208	166,174,509	4	684	75,081,142	3,524	91,093,367
Plant, crop, and livestock conservation..............	537	10,391,924	(A)	79	4,696,936	458	5,694,988
Other B	1,333	32,128,423	1	238	12,357,307	1,095	19,771,116
Sewer systems and other utilities	15,752	444,571,474	9	2,384	190,933,647	13,368	253,637,827
Water purification and supply.	5,053	118,145,281	3	708	48,349,106	4,345	69,796,175
Sewer systems................	9,797	296,983,433	6	1,492	127,898,158	8,305	169,085,275
Electric utilities...........	359	11,173,352	(A)	61	5,199,660	298	5,974,192
Other B	543	18,268,908	(A)	123	9,486,723	420	8,782,185
Airports and other transportation	1,383	130,780,400	3	330	72,064,075	1,053	58,716,325
Airports and airways.........	1,099	100,664,928	2	279	58,785,596	820	41,879,332
Navigation...................	245	22,369,586	1	45	9,287,766	200	13,081,820
Other B	39	7,745,886	(A)	6	3,990,713	33	3,755,173
White collar..................	25,271	490,874,467	10	5,847	199,079,400	19,424	291,795,067
Educational..................	2,589	98,130,144	2	628	53,286,870	1,961	44,843,274
Recreational.................	2,640	76,876,771	1	415	35,827,585	2,225	41,049,186
Professional and clerical.....	20,042	315,867,552	7	4,804	109,964,945	15,238	205,902,607
Goods.........................	10,467	408,251,358	9	3,855	202,469,371	6,612	205,781,987
Sewing.......................	7,654	339,231,324	7	3,093	175,314,479	4,561	163,916,845
Canning......................	308	4,315,280	(A)	141	2,558,488	167	1,756,792
Other B	2,505	64,704,754	2	621	24,596,404	1,384	40,108,350

Table VII.- NUMBER AND ESTIMATED TOTAL COST OF WORKS PROGRESS ADMINISTRATION PROJECTS, ETC............(Cont.)

Type of Project	All Projects			Active Projects		Completed Projects	
	Number	Estimated total cost		Number	Estimated total cost	Number	Estimated total cost
		Amount	%				
Sanitation and health...........	3,968	123,960,594	3	1,225	59,231,982	2,743	64,728,612
Elimination of stream pollution........................	172	6,228,799	(A)	52	3,628,187	120	2,600,612
Mosquito eradication..........	938	42,197,301	1	192	18,599,050	746	23,598,251
Other B	2,858	75,534,494	2	981	37,004,745	1,877	38,529,749
Miscellaneous..................	10,342	135,009,523	3	2,396	54,476,120	7,946	80,533,403

A Less than one percent.

B Includes projects classifiable under more than one of the headings above.

Table VIII.- FUNDS USED FOR RELIEF AND WORK PROGRAMS BY MAJOR AGENCIES NOW PARTICIPATING IN THE FEDERAL WORKS PROGRAM

1933 Through June 1937

Agency	Total	Federal funds		State and local funds	
		Amount	%	Amount	%
		(In thousands of dollars)			
Works Progress Administration	$3,561,992	$3,176,572	89	$385,420	11
Farm Security Administration (formerly Resettlement Administration)	224,314	224,314	100	-	-
Public Works Administration	1,715,202	571,802	33	1,143,400	67
Non-Federal	1,633,164	489,764	30	1,143,400	70
Housing	82,038	82,038	100	-	-
Emergency Conservation Work	1,656,120	1,656,120	100	-	-
Bureau of Public Roads	1,232,142	1,232,142	100	-	-
Other agencies	1,752,329	1,752,329	100	-	-
TOTAL	10,142,099	8,613,279	85	1,528,820	15

Table IX.- RECIPIENTS OF SPECIAL TYPES OF PUBLIC ASSISTANCE UNDER THE SOCIAL SECURITY ACT

February 1936 Through March 1938 A

Year and month	Old-age assistance	Aid to the blind	Aid to dependent children	
			Families	Children
1936				
February	247,421	12,054	26,670	68,915
March	294,137	13,103	27,447	70,301
April	471,189	16,374	56,898	144,413
May	563,393	16,646	61,170	154,600
June	603,855	17,570	70,026	177,466
July	785,873	26,503	89,135	225,784
August	841,421	26,903	83,974	218,273
September	860,106	27,482	91,693	238,708
October	971,288	27,985	104,845	269,107
November	1,032,697	28,461	107,094	273,751
December	1,103,945	28,971	109,527	279,898
1937				
January	1,146,330	29,419	117,560	299,366
February	1,199,825	30,120	122,254	310,108
March	1,256,171	30,993	128,497	324,917
April	1,295,219	31,594	134,866	340,999
May	1,326,575	33,734	167,130	416,589
June	1,291,452	35,045	171,526	427,689
July	1,397,015	37,254	175,101	431,814
August	1,437,389	38,647	183,037	453,054
September	1,470,574	40,166	193,912	481,580
October	1,507,964	41,232	199,693	496,237
November	1,546,980	42,603	204,731	509,193
December	1,582,449	43,785	211,982	527,073
1938				
January	1,608,780	44,836	218,499	542,287
February	1,633,000	46,000	225,000	559,000
March	1,660,000	47,000	231,000	573,000

A Includes the three special types of public assistance in all States and Territories and the District of Columbia with plans approved by the Social Security Board. Figures include relatively small numbers of cases eligible under State laws for whom no Federal funds may be expended.

The several columns must not be added together to obtain a grand total for any month since, by definition, the same family may be counted in two or more columns and since it is known that this occurs in a considerable proportion of the cases.

Table X.- OBLIGATIONS INCURRED FOR PAYMENTS TO RECIPIENTS OF PUBLIC ASSISTANCE UNDER THE SOCIAL SECURITY ACT

February 1936 Through March 1938 [A]

Year and month	Total	Old-age assistance	Aid to the blind	Aid to dependent children
1936				
February	$4,644,994	$3,753,290	$286,742	$604,962
March	5,292,753	4,335,877	315,694	641,182
April	8,792,806	7,076,315	385,126	1,331,365
May	10,778,233	8,982,300	399,125	1,396,808
June	11,707,192	9,650,733	423,418	1,633,041
July	15,784,739	13,037,502	646,655	2,100,582
August	18,070,716	15,076,303	663,562	2,330,851
September	19,354,807	16,055,655	683,288	2,615,864
October	21,422,574	17,955,548	704,901	2,762,125
November	22,856,291	19,292,370	722,862	2,841,059
December	24,455,997	20,717,494	738,302	3,000,201
Total, 1936	163,161,102	135,933,387	5,969,675	21,258,040
1937				
January	25,691,752	21,609,598	750,426	3,331,728
February	26,786,305	22,519,643	767,173	3,499,489
March	28,122,602	23,589,553	787,750	3,745,299
April	29,021,403	24,331,523	795,993	3,893,887
May	30,794,716	24,723,065	847,357	5,224,294
June	30,565,164	24,429,231	875,259	5,260,674
July	32,201,447	25,880,039	921,207	5,400,201
August	33,240,133	26,662,936	949,177	5,628,020
September	34,870,705	27,894,994	1,034,241	5,941,470
October	35,964,179	28,702,509	1,057,374	6,204,296
November	37,363,260	29,725,980	1,089,737	6,547,543
December	38,713,903	30,794,675	1,120,170	6,799,058
Total, 1937	383,335,569	310,863,746	10,995,864	61,475,959
1938				
January	39,516,374	31,367,388	1,144,964	7,004,022
February	39,982,000	31,585,000	1,183,000	7,214,000
March	40,611,000	32,354,000	1,202,000	7,055,000
Total, 1938	120,109,374	95,306,388	3,529,964	21,273,022
Grand total	666,606,045	542,103,521	20,495,503	104,007,021

[A] Amount of payments to recipients from Federal, State, and local funds, administrative expense excluded. Prior to July 1937, obligations incurred for assistance in kind and for payments to persons other than recipients for services to the recipients are excluded.

Figures include payments to individuals in excess of amounts which can be matched from Federal funds. The first Federal funds were made available to the States for February 1936. No figures are included in any month for any State not administering Federal funds.

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Report on
ECONOMIC CONDITIONS OF THE SOUTH

Prepared for

THE PRESIDENT

by

THE NATIONAL EMERGENCY COUNCIL

LC

REQUEST FOR REPORT

THE WHITE HOUSE,
Washington, June 22, 1938.

MY DEAR MR. MELLETT: Discussions in Congress and elsewhere in connection with legislation affecting the economic welfare of the Nation have served to point out the differences in the problems and needs of the different sections of the country and have indicated the advisability of a clear and concise statement of these needs and problems in a form readily available, not only to the Members of Congress, but to the public generally.

Attention has recently been focused particularly upon the South in connection with the wages and hours bill, and I should like the National Emergency Council to undertake the preparation of such a statement of the problems and needs of the South. In preparing this statement I suggest that you call freely upon the various governmental departments and administrative agencies for information as to matters with which they are especially acquainted, and also that you request the assistance of southerners well known for their interest in the South and familiarity with its problems.

The outcome of this undertaking may indicate the advisability of similar studies with reference to other sections of the country.

Very sincerely,
(Signed) FRANKLIN D. ROOSEVELT.

Hon. LOWELL MELLETT,
Executive Director,
National Emergency Council.

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REPORT TO THE PRESIDENT
ON
THE ECONOMIC CONDITIONS OF THE SOUTH

THE PRESIDENT'S LETTER

To the Members of the Conference on Economic Conditions in the South:

No purpose is closer to my heart at this moment than that which caused me to call you to Washington. That purpose is to obtain a statement—or perhaps, I should say a restatement as of today—of the economic conditions of the South, a picture of the South in relation to the rest of the country, in order that we may do something about it; in order that we may not only carry forward the work that has been begun toward the rehabilitation of the South, but that the program of such work may be expanded in the directions that this new presentation shall indicate.

My intimate interest in all that concerns the South is, I believe, known to all of you; but this interest is far more than a sentimental attachment born of a considerable residence in your section and of close personal friendship for so many of your people. It proceeds even more from my feeling of responsibility toward the whole Nation. It is my conviction that the South presents right now the Nation's No. 1 economic problem—the Nation's problem, not merely the South's. For we have an economic unbalance in the Nation as a whole, due to this very condition of the South.

It is an unbalance that can and must be righted, for the sake of the South and of the Nation.

Without going into the long history of how this situation came to be—the long and ironic history of the despoiling of this truly American section of the country's population—suffice it for the immediate purpose to get a clear perspective of the task that is presented to us. That task embraces the wasted or neglected resources of land and water, the abuses suffered by the soil, the need for cheap fertilizer and cheap power; the problems presented by the population itself—a population still holding the great heritages of King's Mountain and Shiloh—the problems presented by the South's capital resources and the absentee ownership of those resources, and problems growing out of the new industrial era and, again, of absentee ownership of the new industries. There is the problem of labor and employment in the South and the related problem of protecting women and children in this field. There is the problem of farm ownership, of which farm tenantry is a part, and of farm income. There are questions of taxation, of education, of housing, and of health.

More and more definitely in recent years those in the South who have sought selflessly to evaluate the elements constituting the general problem, have come to agree on certain basic factors. I have asked Mr. Mellett to present for your consideration a statement of these factors as prepared by various departments of the Government. I ask you to consider this statement critically, in the light of your own general or specific knowledge, in order that it may be made representative of the South's own best thought and that it may be presented to Congress and the public as such.

I had hoped to attend your meeting and listen to your discussions. Unhappily, other pressing work makes this impossible. Please accept my sincere regret that I cannot be with you, and be assured that I anticipate with deep interest the result of your labors.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
Washington, D. C., July 5, 1938.

LETTER OF TRANSMITTAL

JULY 25, 1938.

TO THE PRESIDENT:

In response to your request of June 22, 1938, there is transmitted herewith a report on the economic problems of the South.

The report presents in only a small degree the manifold assets and advantages possessed by the South, being concerned primarily not with what the South has, but with what the South needs.

Preparation of the report was aided by the counsel of an advisory committee of southern citizens known for their interest in the region and their familiarity with its problems. It is their expressed hope and belief that the South will benefit from a thorough examination of the factors that have produced the present economic unbalance, hurtful not only to their section but to the country as a whole. This committee included:

Dr. B. F. Ashe, president, University of Miami, Miami, Fla.; Governor Carl Bailey, Little Rock, Ark.; Barry Bingham, publisher, Louisville Courier Journal, Louisville, Ky.; W. B. Bizzell, president, State University, Norman, Okla.; Col. P. H. Callahan, president, Louisville Varnish Co.; Louisville, Ky.; L. O. Crosby, lumberman, Picayune, Miss.; Judge Blanton Fortson, judge, superior court, Athens, Ga.; Frank Graham, president, University of North Carolina, Chapel Hill, N. C.; Attorney James Hammond, past president, Chamber of Commerce, Columbia, S. C.; Col. Leroy Hodges, State comptroller, Richmond, Va.; Miss Lucy Randolph Mason, C. I. O. representative, Atlanta, Ga.; H. L. Mitchell, secretary-treasurer, Southern Tenant Farmers Union, Memphis, Tenn.; Gen. John C. Persons, president, First National Bank, Birmingham, Ala.; Prof. Chas. W. Pipkin, Louisiana State University, Baton Rouge, La.; Paul Poynter, publisher, St. Petersburg Times, St. Petersburg, Fla.; J. H. Reynolds, president, Hendricks College, Conway, Ark.; Robert J. Smith, vice president, Braniff Airways, Dallas, Tex.; S. L. Smith, Peabody College, Nashville, Tenn.; Alexander Speer, former president, Virginia Public Service Co., Alexandria, Va.; Joseph G. Tillman, planter, Statesboro, Ga.; J. Skottowe Wannamaker, president, American Cotton Association, St. Matthews, S. C.; Carl White, A. F. of L., Port Arthur, Tex.

The various departments and administrative agencies were called on for information. Factual statements were checked by the Central Statistical Board, and many men and women in the Government contributed their knowledge and efforts. The actual drafting of the 15 sections of the report was the work of southerners, intimately acquainted with their own region and vitally concerned in its welfare.

As used in this report, the term "the Southeast" includes the States of Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and Arkansas; the "Southwest" means Oklahoma and Texas, and "The South" covers all the 13 States.

Effort has been made to meet your desire for a concise statement. The report therefore does not attempt to be exhaustive. On any one of the 15 topics discussed much more extensive treatment can be found in official Government reports or in studies that have been made by educational institutions and individuals.

One thing appears to be made clear when the principal difficulties faced by the South are brought into perspective and when what the South has to offer the Nation is laid alongside what the South needs for its own people; that is that the economic problems of the South are not beyond the power of men to solve. Another thing made clear, however, is that there is no simple solution. The solution must be part political, with the Federal Government participating along with State, county, city, town, and township government. But there must be participation also by industry, business and schools—and by citizens, South and North.

The example given by the men named above in lending their time and their patient consideration to the material condensed into this brief report seems to assure that the citizens of the South do not hesitate to face the facts of the present situation. This, in turn, would seem to assure—to use your own language—that something will be done about it.

LOWELL MELLETT,
The Executive Director,
National Emergency Council.

SECTIONS OF REPORT

1. Economic resources.
2. Soil.
3. Water.
4. Population.
5. Private and public income.
6. Education.
7. Health.
8. Housing.
9. Labor.
10. Women and children.
11. Ownership and use of land.
12. Credit.
13. Use of natural resources.
14. Industry.
15. Purchasing power.

REPORT TO THE PRESIDENT

ON

THE ECONOMIC CONDITIONS OF THE SOUTH

SECTION 1

ECONOMIC RESOURCES

In the South, as elsewhere, the two most important economic endowments are its people and its physical resources. The 1937 census estimates showed that the 13 Southern States had more than 36 million persons. While this population is descended from the peoples of virtually every country of the world, a larger percentage derives from early American stock than that of any other region in the United States; 97.8 percent, according to the last census, was native born; 71 percent white, and 29 percent colored.

The birth rate in the South exceeds that of any other region, and the excess of births over deaths makes the South the most fertile source for replenishing the population of the United States. At a time when the population of the country as a whole is becoming stationary, there is a continuous stream of people leaving the South to work in other parts of the Nation—greatly in excess of the corresponding migration to the South.

The South is a huge crescent embracing 552 million acres in 13 States from Virginia on the east to Texas on the west. It has widely varying topographic conditions—vast prairies, wooded plains, fertile valleys, and the highest mountains in the eastern United States.

The transportation facilities of the South are, for the most part, excellent. It is covered by rail lines which connect the interior with ports and give easy access to other regions. Both the Mississippi and the Ohio Rivers' navigation facilities serve the South. The Warrior-Tombigbee system taps the important industrial region around Birmingham, while the Tennessee River system, now being developed by the Tennessee Valley Authority, will bring water transportation to the very heart of the Southeast. The highways of the South are well advanced. Roads are built cheaply and are usable in all seasons. The region is well served by air lines. Bordered by both the Atlantic and the Gulf, the South has ideal harbors and many fine ports. Trade with Europe has been important for three centuries. Across the Gulf and Caribbean the South can expect further trade development.

The South has been richly endowed with physical resources. No other region offers such diversity of climate and soil. With a climate ranging from temperate to subtropical, nearly half of that part of the country where there is a frostless growing season for more than 6 months of the year is in the South. Throughout almost the entire South there is ample annual rainfall and little artificial irrigation is required.

The soils of the South are the most widely varied of the Nation. Alabama, a typical southern State, has 7 major types and almost 300 soil subtypes. These soils permit the growing of a wide variety of products: cotton, tobacco, grains, fruits, melons, vegetables, potatoes, hay, nuts, sugar cane, and hemp. The South leads the world in production of cotton and tobacco.

Soil and climate combine to give it forests of many kinds. With 40 percent of the Nation's forests, the South has found its woodlands second only to cotton as a source of wealth. Approximately 30 percent of the land is still in forests. Despite exploitation and abuse, forests still cover almost 200,000,000 acres, and more than half of the country's second-growth saw timber is in the South.

The region leads the world in naval stores production. Because southern pine reseeds itself and grows rapidly, the South has great potentialities for the production of paper.

The South lags, however, in the production of livestock, despite its wealth of grasslands. Its 20,000,000 cattle amount to less than a third of the total found on American farms; and because of the poor quality of many of them, the value of the annual production of cattle is only one-sixth of the Nation's total.

Fish and game are as plentiful as in any part of the country. Louisiana is our largest raw fur producer.

The South has more than 300 different minerals: Asbestos, asphalt, barite, bauxite, clays, coal, diamonds, feldspar, fluorspar, gypsum, lead, limestone, marble, mercury, phosphate rock, pyrites, salt, sand and gravel, silica, sulphur, zinc, and so on by the scores.

With less than 2 percent of its seams so far tapped, the Southeast contains a fifth of the Nation's soft coal. It mines a full tenth of our iron ore annually, but it produces only slightly more than 7 percent of our pig iron.

The South possesses approximately 27 percent of the Nation's installed hydroelectric generating capacity, although it produces only 21 percent of the electric power actually generated. The region contains 13 percent of the country's undeveloped hydroelectric power.

Nearly two-thirds of the Nation's crude oil is produced in the South, and over two-thirds of our supply of natural gas comes from southern fields. In 1935 the South furnished about half of the country's marble output. Florida and Tennessee produce 97 percent of all our phosphates, and Texas and Louisiana supply over 99 percent of our sulphur.

Commercial fisheries flourish on both the Atlantic and Gulf coasts. Shore fisheries engaged in taking oysters, clams, menhaden, mackerel, sponges, and shrimp are especially important.

In spite of this wealth of population and natural resource, the South is poor in the machinery for converting this wealth to the uses of its people. With 28 percent of the Nation's population, it has only 16 percent of the tangible assets, including factories, machines, and the tools with which people make their living. With more than half the country's farmers, the South has less than a fifth of the farm implements. Despite its coal, oil, gas, and water power, the region uses only 15 percent of the Nation's factory horsepower. Its potentialities have been neglected and its opportunities unrealized.

The paradox of the South is that while it is blessed by Nature with immense wealth, its people as a whole are the poorest in the country. Lacking industries of its own, the South has been forced to trade the richness of its soil, its minerals and forests, and the labor of its people for goods manufactured elsewhere. If the South received such goods in sufficient quantity to meet its needs, it might consider itself adequately paid.

REPORT TO THE PRESIDENT

ON

THE ECONOMIC CONDITIONS OF THE SOUTH

SECTION 2

SOIL

Nature gave the South good soil. With less than a third of the Nation's area, the South contains more than a third of the Nation's good farming acreage. It has two-thirds of all the land in America receiving a 40-inch annual rainfall or better. It has nearly half of the land on which crops can grow for 6 months without danger of frost.

This heritage has been sadly exploited. Sixty-one percent of all the Nation's land badly damaged by erosion is in the Southern States. An expanse of southern farm land as large as South Carolina has been gullied and washed away; at least 22 million acres of once fertile soil has been ruined beyond repair. Another area the size of Oklahoma and Alabama combined has been seriously damaged by erosion. In addition, the sterile sand and gravel washed off this land has covered over a fertile valley acreage equal in size to Maryland.

There are a number of reasons for this wastage:

Much of the South's land originally was so fertile that it produced crops for many years no matter how carelessly it was farmed. For generations thousands of southern farmers plowed their furrows up and down the slopes, so that each furrow served as a ditch to hasten the run-off of silt-laden water after every rain. While many farmers have now learned the importance of terracing their land or plowing it on the contours, thousands still follow the destructive practices of the past.

Half of the South's farmers are tenants, many of whom have little interest in preserving soil they do not own.

The South's chief crops are cotton, tobacco, and corn; all of these are inter-tilled crops—the soil is plowed between the rows, so that it is left loose and bare of vegetation.

The top-soil washes away much more swiftly than from land planted to cover crops, such as clover, soybeans, and small grains. Moreover, cotton, tobacco, and corn leave few stalks and leaves to be plowed under in the fall; and as a result the soil constantly loses its humus and its capacity to absorb rainfall.

Even after harvest, southern land is seldom planted to cover crops which would protect it from the winter rains. This increases erosion tenfold.

Southeastern farms are the smallest in the Nation. The operating units average only 71 acres, and nearly one-fourth of them are smaller than 20 acres. A farmer with so little land is forced to plant every foot of it in cash crops; he cannot spare an acre for soil restoring crops or pasture. Under the customary tenancy system, moreover, he has every incentive to plant all his land to crops which will bring in the largest possible immediate cash return. The landlord often encourages him in this destructive practice of cash-cropping.

Training in better agricultural methods, such as planting soil-restoring crops, terracing, contour-plowing, and rotation, has been spreading, but such training is still unavailable to most southern farmers. Annually the South spends considerably more money for fertilizer than for agricultural training through its land-grant colleges, experiment stations, and extension workers.

Forests are one of the best protections against erosion. Their foliage breaks the force of the rain; their roots bind the soil so that it cannot wash away; their fallen leaves form a blanket of vegetable cover which soaks up the water and checks run-off. Yet the South has cut away a large part of its forest, leaving acres of gullied, useless soil. There has been comparatively little effort at systematic reforestation. Overgrazing, too, has resulted in serious erosion throughout the Southwest.

There is a close relationship between this erosion and floods, which recently have been causing a loss to the Nation estimated at about $35,000,000 annually. Rainfall runs off uncovered land much more rapidly than it does from land planted to cover crops or forest. Recent studies indicate that a single acre of typical corn land lost approximately 127,000 more gallons of rainfall in a single year than a similar field planted to grass. Another experiment showed that land sodded in grass lost less than 1 percent of a heavy rain through immediate run-off, while nearby land planted to cotton lost 31 percent. In short, unprotected land not only is in danger of destruction; it also adds materially to the destructive power of the swollen streams into which it drains.

These factors—each one reenforcing all the others—are causing an unparalleled wastage of the South's most valuable asset, its soil. They are steadily cutting down its agricultural income, and steadily adding to its cost of production as compared with other areas of the world which raise the same crops.

For example, it takes quantities of fertilizer to make worn-out, eroded land produce. The South, with only one-fifth of the Nation's income, pays three-fifths of the Nation's fertilizer bill. In 1929 it bought 5½ million tons of commercial fertilizer at a cost of $161,000,000. And although fertilizer performs a valuable and necessary service, it does not restore the soil. For a year or two it may nourish a crop, but the land still produces meagerly and at high cost.

Moreover, southern farmers cannot pile on fertilizer fast enough to put back the essential minerals which are washing out of their land. Each year, about 27,500,000 tons of nitrogen and phosphorus compounds are leached out of southern soil and sent down the rivers to the sea.

The South is losing more than $300,000,000 worth of fertile topsoil through erosion every year. This is not merely a loss of income—it is a loss of irreplaceable capital.

REPORT TO THE PRESIDENT
ON
THE ECONOMIC CONDITIONS OF THE SOUTH

SECTION 3

WATER

The water resources of the South are abundant. Except on its western fringe, it is generously supplied with waters for municipal use, for electric power, for navigation, and for crop production. Inefficient control or use of these waters has impaired their value in some areas, while in other areas their very superabundance has retarded economic development.

Many communities need better systems of public water supply. In the coastal plain and in the States west of the Mississippi deep wells generally tap water of good quality. The quantity of such underground sources is ample for most communities, but in a number of instances they have been depleted by overdraft and by waste. With the exception of the seaports and older river ports, the larger southern cities and the industrial towns have grown up on the Piedmont and upland regions where groundwaters are more meager. Many are in headwater areas having only small stream-flow during the summer months. Pollution of such streams by cities and towns has impaired public health and has restricted their recreational and industrial use. In these and other areas insufficient provision has been made for waste disposal to keep the streams pure.

In much of the South the combination of heavy rainfall, relatively large stream flow, and favorable topography has made possible great developments of water power. Hydroelectric plants with an installed capacity of approximately 4 million horsepower have been constructed, and the resulting power is of vital importance to the southern economy. In 1937, hydroelectric developments in the Carolinas, Georgia, and Alabama supplied about 85 percent of all power produced for public utilities in that area; whereas hydroelectric power contributed only 37 percent of the total power produced for public utilities in the United States as a whole. Even greater resources lie undeveloped. It is estimated that the potential output of feasible undeveloped power sites in the South would be five times the hydroelectric power actually produced in 1937. These power reserves constitute a rich asset to be utilized as the markets of the South grow.

In the Mississippi Valley, along the Gulf coast and much of the South Atlantic coast, the settlement of the country followed the numerous waterways. Although the significance of river transportation is not generally recognized, it is of growing importance along the Mississippi River, on the Warrior-Tombigbee system, and in the extensive improvements in progress in the Tennessee Basin. An intra-coastal waterway now provides a safe route for vessels of moderate draft along three-fourths of the southern coast. Channel deepening has provided free access for ocean shipping to such inland ports as Richmond, Jacksonville, Beaumont, and Houston.

Most sections receive adequate rainfall for crop production. Only 2,630,000 acres have been improved by irrigation. Of this acreage, some of the more prosperous part is used for vegetable, rice, and citrus-fruit production. In the semiarid western sections, except in the lower Rio Grande Valley, irrigation is in the developmental stage, and its economic possibilities have not been explored fully.

Throughout most of the South an overabundance, not scarcity, of water limits the agricultural use of fertile lands. By means of drainage more than 22,000,000 acres of wet land have been reclaimed. Some of these drained lands are the most fertile in the South, and they are capable of affording a refuge for farmers who have exhausted the eroding upland soils. Additional acreage can be brought to use as fast as the costs of drainage land-conditioning permit. However, a large part of the drained land now lies idle, and in some areas the drainage enterprises are poorly coordinated.

The settlement of wet lands has been retarded in part by malaria. The "fever" takes a heavy annual toll in human life and vitality. It is particularly widespread in those rural areas where drainage is inadequate.

Uncontrolled flood waters likewise impose severe damages on the South. Much of its fertile farming land and many of its important cities lie within reach of floods. Vast sections of the alluvial valley of the Mississippi—31,000 square miles of fertile land with a population of more than 2,000,000—and numerous communities on other southern rivers, are within the danger zone. In the alluvial valley alone three-quarters of a million people were driven from their homes by the flood of 1927. Property damage from this flood was $220,000,000.

To consider another aspect of the South's water resources the once rich fisheries are being depleted, on the one hand, and the wildlife and recreational facilities developed only meagerly on the other. This is true notwithstanding that the shallow sounds along the coasts are important wintering grounds for game varieties of waterfowl and that the sport fishing along the coasts and in the inner sounds is truly notable.

In addition to their value as recreation grounds, these areas are also of tremendous importance as sources of sea food. But their value both as sources of food for the Nation and as a means of livelihood for those engaged in commercial fishing and shellfishing, is threatened by overfishing and, in a few places, by water pollution.

The South is only now becoming aware of the fortune it has in its vast water resources—the value in transportation, power, fish, and game, and in health and recreation. It has just begun to consider the problems involved in conserving this many-sided resource, in curbing the destructive power of water and making it useful.

REPORT TO THE PRESIDENT
ON
THE ECONOMIC CONDITIONS OF THE SOUTH

SECTION 4

POPULATION

The population of the South is growing more rapidly by natural increase than that of any other region. Its excess of births over deaths is 10 per thousand, as compared with the national average of 7 per thousand; and already it has the most thickly populated rural area in the United States. Of the 108,600,000 native-born persons in the country in 1930, 28,700,000 were born in the Southeast, all but 4,600,000 in rural districts.

These rural districts have exported one-fourth of their natural increase in sons and daughters. They have supplied their own growth, much of the growth of southern cities, and still have sent great numbers into other sections. Of these southerners born in rural areas, only 17,500,000 live in the locality where they were born, and 3,800,000 have left the South entirely.

This migration has taken from the South many of its ablest people. Nearly half of the eminent scientists born in the South are now living elsewhere. While some of these have been replaced by scientists from other sections of the country, the movement from the South has been much greater than this replacement. The search for wider opportunities than are available in the overcrowded, economically undeveloped southern communities drains away people from every walk of life. About one child of every eight born and educated in Alabama or Mississippi contributes his life's productivity to some other State.

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The expanding southern population likewise has a marked effect on the South's economic standards. There are fewer productive adult workers and more dependents per capita than in other sections of the country. The export of population reflects the failure of the South to provide adequate opportunities for its people.

The largely rural States of the South must support nearly one-third of their population in school, while the industrial States support less than one-fourth. Moreover, in their search for jobs the productive middle-age groups leave the South in the greatest numbers, tending to make the South a land of the very old and the very young. A study of one southern community in 1928 showed that about 30 percent of the households were headed by women past middle age. Since 1930 most of these women, formerly able to live by odd jobs and gardening, have gone on relief. Relief studies in the eastern Cotton Belt have shown recently that 15 percent of the relief households were without a male over 16 years of age and 15 percent more, or 31 percent altogether, were without any employable male. Even if the southern workers were able, therefore, to secure wages equal to those of the North on a per capita basis dollar for dollar, a great gap would still remain between the living standards of southern families and those of other regions.

Recent figures indicate a slowing down of the migration to cities. In general, too, the rural population has increased most rapidly in those sections where the land is poorest. Thus the Appalachian and Ozark areas have shown a rapid increase, while the old black-belt cotton counties and Mississippi Delta counties have shown little or no gains. This has brought about an intensification of the problem of earning a living in the South.

Big families have been growing up on the average southern farm in recent generations. When the children reach maturity, either some of the older ones have to move away and find jobs in industry or trade, or the family farm—already too small—must be cut into smaller farms.

For many years after the War between the States, there was a general tendency to reduce the size of farms, but about 1910 a contrary movement began which partially offset this tendency. Nevertheless, because of the decrease in tillable land, in the older Southern States east of Texas, the farm acreage was actually less in 1930 than in 1860, though the rural population had nearly doubled. In 1930 there were nearly twice as many southern farms less than 20 acres in size as in 1880. These figures indicate serious maladjustment between the people and the land, and a consequent misuse of resources.

In certain sections there has been a tendency to revert to large plantations worked by machinery on an industrial basis. Tractors and gang plows are substituted for men and mules. This method of cutting operating costs also cuts the number of people needed for a given area of land or amount of crop. Farm unemployment constitutes a large proportion of the South's unemployment problem. This tendency is further disarranging the relationship between the people and the land. No longer owners, tenants, or croppers, the workers in these agricultural factories are more nearly day laborers—unskilled workers who can be hired one day and fired the next.

It has been estimated that nearly 3,000,000 young people matured into the 15–25 age group between 1930 and 1935 in the rural districts of 11 southeast States. Barely half a million took places left open by death; about the same number stayed in school; and the increase in number of farms, mostly substistence farms, took care of about a quarter of a million. Remaining are some 1,750,000 who stay in the farm home as casual laborers or as unemployed.

Increasing competition for jobs has also upset the balance of employment between white and Negro. Unemployment among white people has caused them to seek jobs which were traditionally filled only by Negroes in the

South. The field for the employment of Negroes has consequently been further constricted, causing greater migration. The lack of opportunity and the resulting job competition has lowered the living standards of both white and Negro workers in the South.

The population problems of the South—the disproportion of adult workers to dependents, the displacement of agricultural workers by machines, the substitution of white workers in traditionally Negro occupations, the emigration of skilled and educated productive workers—are the most pressing of any America must face. They are not local problems alone. With the South furnishing the basis for the population increase of the Nation, with southern workers coming into other sections of the country in quest of opportunity, with the South's large potential market for the Nation's goods, these problems are national.

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SECTION 5

PRIVATE AND PUBLIC INCOME

The wealth of natural resources in the South—its forests, minerals, and fertile soil—benefit the South only when they can be turned into goods and services which its people need. So far the South has enjoyed relatively little of these benefits, simply because it has not had the money or credit to develop and purchase them.

Ever since the War between the States the South has been the poorest section of the Nation. The richest State in the South ranks lower in per capita income than the poorest State outside the region. In 1937 the average income in the South was $314; in the rest of the country it was $604, or nearly twice as much.

Even in "prosperous" 1929 southern farm people received an average gross income of only $186 a year as compared with $528 for farmers elsewhere. Out of that $186 southern farmers had to pay all their operating expenses—tools, fertilizer, seed, taxes, and interest on debt—so that only a fraction of that sum was left for the purchase of food, clothes, and the decencies of life. It is hardly surprising, therefore, that such ordinary items as automobiles, radios, and books are relatively rare in many southern country areas.

For more than half of the South's farm families—the 53 percent who are tenants without land of their own—incomes are far lower. Many thousands of them are living in poverty comparable to that of the poorest peasants in Europe. A recent study of southern cotton plantations indicated that the average tenant family received an income of only $73 per person for a year's work. Earnings of share croppers ranged from $38 to $87 per person, and an income of $38 annually means only a little more than 10 cents a day.

The South's industrial wages, like its farm income, are the lowest in the United States. In 1937 common labor in 20 important industries got 16 cents an hour less than laborers in other sections received for the same kind of work. Moreover, less than 10 percent of the textile workers are paid more than 52.5 cents an hour, while in the rest of the Nation 25 percent rise above this level. A recent survey of the South disclosed that the average annual wage in industry was only $865 while in the remaining States it averaged $1,219.

In income from dividends and interest the South is at a similar disadvantage. In 1937 the per capita income in the South from dividends and interest was only $17.55 as compared with $68.97 for the rest of the country.

Since the South's people live so close to the poverty line, its many local political subdivisions have had great difficulty in providing the schools and other public services necessary in any civilized community. In 1935 the assessed value of taxable property in the South averaged only $463 per person, while in the nine Northeastern States it amounted to $1,370. In other words, the Northeastern States had three times as much property per person to support their schools and other institutions.

Consequently, the South is not able to bring its schools and many other public services up to national standards, even though it tax the available wealth as heavily as any other section. In 1936 the State and local governments of the South collected only $28.88 per person while the

States and local governments of the Nation as a whole collected $51.54 per person.

Although the South has 28 percent of the country's population, its Federal income-tax collections in 1934 were less than 12 percent of the national total. These collections averaged only $1.28 per capita throughout the South, ranging from 24 cents in Mississippi to $3.53 in Florida.

So much of the profit from southern industries goes to outside financiers, in the form of dividends and interest, that State income taxes would produce a meager yield in comparison with similar levies elsewhere. State taxation does not reach dividends which flow to corporation stockholders and management in other States; and, as a result, these people do not pay their share of the cost of southern schools and other institutions.

Under these circumstances the South has piled its tax burden on the backs of those least able to pay, in the form of sales taxes. (The poll tax keeps the poorer citizens from voting in eight southern States; thus they have no effective means of protesting against sales taxes.) In every southern State but one, 59 percent of the revenue is raised by sales taxes. In the northeast, on the other hand, not a single State gets more than 44 percent of its income from this source, and most of them get far less.

The efforts of southern communities to increase their revenues and to spread the tax burden more fairly have been impeded by the vigorous opposition of interests outside the region which control much of the South's wealth. Moreover, tax revision efforts have been hampered in some sections by the fear that their industries would move to neighboring communities which would tax them more lightly—or even grant them tax exemption for long periods.

The hope that industries would bring with them better living conditions and consequent higher tax revenues often

has been defeated by the competitive tactics of the communities themselves. Many southern towns have found that industries which are not willing to pay their fair share of the cost of public services likewise are not willing to pay fair wages, and so add little to the community's wealth.

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SECTION 6

EDUCATION

Great numbers of Americans are continually moving from one region to another. This makes poor schooling in any region a matter of national concern. Illiteracy, poor training, lack of education, go along with those migrating people who have not had schools. The fact that the South is the source of a considerable part of the rest of the Nation's population makes the South's difficulties in providing school facilities a national problem.

In the United States as a whole it is more possible than ever before to supply training for children and young people. The child population has only doubled since 1880, while the adult population has increased more than threefold. Too, the productive capacity per worker today is far in excess of what it was 50 years ago. In the South, however, owing to the higher birth rate and to the migration of adult workers, the proportion of productive workers to school children is much lower than elsewhere in the country. A study of this condition in 1930 showed that there were 10 adults to 6 children as compared to 10 adults for 4 children in the North and West.

In the rural regions of the South, particularly, there is a marked disparity between the number of children to be educated and the means for educating them. For example, in 1930 the rural inhabitants of the Southeast had to care for 4,250,000 children of school age of the country's total, although they received an income of only about 2 percent of the Nation's total. In the nonfarm population of the Northeast, on the other hand, there were 8,500,000 children in a group that received 42 percent of the total national income—21 times as much income available to educate only twice as many children.

This disparity in the educational load, which bears so heavily on the South, continues. In 1936 the rate of natural increase in the population was greatest in the southeastern and southwestern sections of the United States, precisely where the lack of educational opportunity is already most pronounced.

The southern regions are affected by population shifts more than other sections because the greatest proportion of movers originate there. In the 1920's the States south of the Potomac and Ohio Rivers and east of the Mississippi lost about 1,700,000 persons through migration, about half of whom were between 15 and 35 years of age. These persons moved at the beginning of their productive life to regions which got this manpower almost free of cost, whereas the South, which had borne the expense of their care and education up to the time when they could start producing, suffered an almost complete loss of its investment. The newcomers to the South did not, by any means, balance this loss. The cost of rearing and schooling the young people of the southern rural districts who moved to cities has been estimated to be approximately $250,000,000 annually.

The South must educate one-third of the Nation's children with one-sixth of the Nation's school revenues. According to the most conservative estimates, the per capita ability of the richest State in the country to support education is six times as great as that of the poorest State.

Although southern teachers compare favorably with teachers elsewhere, the average annual salary of teachers in Arkansas for 1933–34 was $465, compared to $2,361 for New York State for the same year, and in no one of the Southern States was the average salary of teachers equal to the average of the Nation. In few places in the Nation, on the other hand, is the number of pupils per teacher higher than as in the South. Overcrowding of schools, particularly in rural areas, has lowered the standards of education, and the short school terms of southern rural schools further reduce their effectiveness.

In the South only 16 percent of the children enrolled in school are in high school as compared with 24 percent in States outside the South.

Higher education in the South has lagged far behind the rest of the Nation. The total endowments of the colleges and universities of the South are less than the combined endowments of Yale and Harvard. As for medical schools, the South does not have the facilities to educate sufficient doctors for its own needs.

Since adequate schools and other means of public education are indispensable to the successful functioning of a democratic nation, the country as a whole is concerned with the South's difficulty in meeting its problem of education.

Illiteracy was higher in 1930 in the Southern States than in any other region, totaling 8.8 percent. The North Central States had a percentage of 1.9. New England and the Middle Atlantic States combined had a percentage of 3.5. In the South the percentages ranged from 2.8 in Oklahoma to 14.9 in South Carolina. Every State in the South except Oklahoma had a percentage higher than 6.5 percent.

But the poor educational status of the South is not a result of lack of effort to support schools. The South collects in total taxes about half as much per person as the Nation as a whole. All Southern States fall below the national average in tax resources per child, although they devote a larger share of their tax income to schools. For the Southern States to spend the national average per pupil would require an additional quarter of a billion dollars of revenue.

Between 1933 and 1935 more than $21,000,000 of Federal funds were necessary to keep rural schools open, and more than 80 percent of this amount was needed in the South, where local and State governments were unable to carry the burden.

In 1936 the Southern States spent an average of $25.11 per child in schools, or about half the average for the country as a whole, or a quarter of what was spent per child in New York State. In 1935–36 the average school child enrolled in Mississippi had $27.47 spent on his education. At the same time the average school child enrolled in New York State had $141.43 spent on his education, or more than five times as much as was spent on a child in Mississippi. There were actually 1,500 school centers in Mississippi without school buildings, requiring children to attend school in lodge halls, abandoned tenant houses, country churches, and, in some instances, even in cotton pens.

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SECTION 7

HEALTH

For years evidence has been piling up that food, clothing, and housing influence not only the sickness rate and death rate but even the height and weight of school children. In the South, where family incomes are exceptionally low, the sickness and death rates are unusually high. Wage differentials become in fact differentials in health and life; poor health, in turn, affects wages.

The low-income belt of the South is a belt of sickness, misery, and unnecessary death. Its large proportion of low-income citizens are more subject to disease than the people of any similar area. The climate cannot be blamed—the South is as healthful as any section for those who have the necessary care, diet, and freedom from occupational disease.

Several years ago the United States Public Health Service conducted syphilis-control demonstrations in selected rural areas in the South. These studies revealed a much higher ratio of syphilis among Negroes than among whites, but showed further that this higher ratio was not due to physical differences between the races. It was found to be due to the greater poverty and lower living conditions of the Negroes. Similar studies of such diseases have shown that individual health cannot be separated from the health of the community as a whole.

The presence of malaria, which infects annually more than 2,000,000 people, is estimated to have reduced the industrial output of the South one-third. One of the most striking examples of the effect of malaria on industry was revealed by the Public Health Service in studies among employees of a cotton mill in eastern North Carolina. Previous to the attempts to control malaria, the records of the mill one month showed 66 looms were idle as a result of ill-health. After completion of control work, no looms were idle for that reason. Before control work, 238,046 pounds of cloth were manufactured in one month. After completion of the work production rose to 316,804 pounds in one month—an increase of 33⅓ percent.

In reports obtained in 1935 from 9 lumber companies, owning 14 sawmill villages in 5 southern States, there was agreement that malaria was an important and increasing problem among the employees. During the year 7.6 percent of hospital admissions, 16.4 percent of physician calls, and 19.7 percent of dispensary drugs were for malaria. The average number of days off duty per case of malaria was 9, while days in the hospital for the same cause were 5. Ten railroads in the South listed malaria as an economic problem and a costly liability. Four utility companies had full-time mosquito-fighting crews at work during the year. The average case admitted to a company hospital lasted 3 days and the average number of days off duty because of malaria was 11. Each case of malaria was said to cost the companies $40.

If we attempt to place a monetary value on malaria by accepting the figure of $10,000 as the value of an average life and using the death rate of 3.943 for malaria reported by the census for 1936, the annual cost of deaths from this disease is $39,500,000. To this figure could be added the cost of illness, including days of work lost.

The health-protection facilities of the South are limited. For example, there are only one-third as many doctors per capita in South Carolina as there are in California. The South is deficient in hospitals and clinics, as well as in health workers. Many counties have no facilities at all.

The South has only begun to look into its pressing industrial hygiene problems, although it has 26 percent of the male mine workers in the United States and 14 percent of the male factory workers. These are the workers with which modern industrial health protection is most concerned.

The experience as to pneumonia and tuberculosis among employees of the Tennessee Coal, Iron & Railroad Co. and their dependents during the 11-year period from 1925 to 1935 gives an indication of health conditions among miners in the South. The situation generally is probably worse than shown by the figures for this company, whose workers have relatively better protection against disease. For this period the number under observation averaged slightly more than 77,000 persons. There were 3,780 cases of pneumonia, of which 739 terminated fatally. This resulted in an average frequency per 1,000 of approximately 4.9 pneumonia cases per year among surface workers, 4.7 among coal miners, and 10.6 among ore miners. The rate of 4.2 for dependents included also the pneumonia of childhood and infancy. A fatality rate of 30.7 deaths per 1,000 cases of pneumonia was found among surface workers, a rate of 26.8 among coal miners, and 24.8 among ore miners. Deaths from tuberculosis occurred at an annual rate of 1.467 per thousand workers among coal miners, 1.232 among ore miners, and 0.566 among surface workers.

Prior to 1936 only one State in the South gave consideration to industrial hygiene. Today, with the aid of Social Security funds, seven additional States have industrial-hygiene units, and approximately 7,000,000 of the 10,000,000 gainful workers are receiving some type of industrial-hygiene service. However, these industrial-hygiene units have started their programs only recently, and it will be some time before adequate health services will be available. The funds now being spent for this activity in the eight States which have industrial-hygiene services do not meet the problem of protecting and improving the health of these workers. Approximately $100,000 is now being budgeted for this work, although it is known that the economic loss due to industrial injuries and illnesses among these workers is hundreds of millions of dollars.

Reports of one of the largest life-insurance companies show that more people in the southern area than elsewhere die without medical aid. The same company reported in a recent year a rise of 7.3 percent in the death rate in the nine South Atlantic States, though in no other region had the death rate risen above 4.8 percent, and in some sections it had declined.

The scourge of pellagra, that affects the South almost exclusively, is a disease chiefly due to inadequate diet; it responds to rather simple preventive measures, including suitable nourishing food. Even in southern cities from 60 to 88 percent of the families of low incomes are spending for food less than enough to purchase an adequate diet.

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SECTION 8

HOUSING

The effects of bad housing can be measured directly in the general welfare. It lessens industrial efficiency, encourages inferior citizenship, lowers the standard of family life, and deprives people of reasonable comfort. There are also direct relationships between poor housing and poor health, and between poor housing and crime.

The type of slum most usual in southern towns consists of antiquated, poorly built rental quarters for working people. The rows of wooden houses without any modern improvements, without proper sanitary facilities, and often without running water, are usually in congested areas and in the least desirable locations. Often they are next to mills or mines where the tenants work, or on low swampy land subject to floods and no good for anything else. They are usually far removed from playgrounds and other recreation areas. The southern slum has often been built to be a slum. It is simply a convenient barracks for a supply of cheap labor.

Lack of running water and impure water supplies are common in southern slums. Bathtubs, sinks, and laundry tubs are among the bare necessities that are often lacking in slum dwellings. Sometimes city water is supplied through a yard hydrant shared by several families. Surface wells are often contaminated on the farms and in the villages and small towns. Contaminated milk and contaminated water, frequently found, cause typhoid fever, which is becoming a widespread rural disease in the South.

Lack of sanitary flush toilets and sewer systems for waste disposal is characteristic not only of the great majority of farm and rural homes, but of a large proportion of homes in small towns and a substantial number in the cities. Twenty-six percent of southern city or town households are without indoor flush toilets as contrasted with 13.1 percent for the city and town households of the country as a whole. In extensive rural districts there are not only no indoor flush toilets, but no outdoor privies even of the most primitive sort. Nearly a fifth of all southern farm homes have no toilets at all. It is in these regions that hookworm infection and consequent anemia have flourished as a result of soil pollution.

There is also extensive overcrowding in the southern town areas. In one-eighth of the dwellings there are more than one and one-half persons per room. In the United States as a whole only one-fourteenth of town houses are so crowded. In 19 southern cities recently studied over 40 percent of all dwellings rent for less than $15 a month or are valued at less than $1,500, as opposed to 24.6 percent for the 64 cities studied in the country as a whole. Only three of the southern cities had a smaller percentage of dilapidated houses than the national average. Five of the 8 cities with over a quarter of their houses in bad condition were in the South; 1 of these had 4 out of 10 of its houses either in need of repairs or unfit for habitation.

A study of blighted areas in New Orleans showed that their tuberculosis death rate was twice as high as the city's average, that their number of criminal arrests was 40 percent higher than the average, and that syphilis and cancer rates were high.

Houses in the rural South are the oldest, have the lowest value, and have the greatest need of repairs of any farm houses in the United States.

That there are 2½ million below-standard houses would be a conservative estimate. Of 3 million farm houses in 14 southern States, including West Virginia, surveyed in 1930 only 5.7 percent had water piped to the house and 3.4 percent had water piped to the bathroom. More than half the farmhouses are unpainted. More than a third of southern farmhouses do not have screens to keep out mosquitoes and flies.

If we consider below-standard all nonfarm dwellings in the 14 States renting for less than $10 a month, and all occupant-owned nonfarm dwellings valued at less than $1,500, we find 1½ million below-standard houses. Recent studies by local housing authorities in many of the southern cities indicate that these assumptions are correct. In addition, many houses now renting between $10 and $15 are definitely below standard. The average farmhouse in the South is worth about $650. The average farm renter's house is worth about $350, according to the Federal census of 1930.

Southern cities have one important advantage over northern cities in their approach to the housing problem. As a rule, they are not hampered by the excessive land valuations that have developed in the North with the rapid growth and centralization of industry. Although the 1930 census shows that the rate of movement to cities and towns is greater in the South than in the North, the effect of this is not yet reflected in town and city land values and is not likely to be while wages remain low. It is, however, reflected in poorer living conditions, overcrowding, and greater danger of the spread of certain diseases.

By the most conservative estimates, 4,000,000 southern families should be rehoused. This is one-half of all families in the South.

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SECTION 9

LABOR

The rapidly growing population of the South is faced with the problem of finding work that will provide a decent living. Neither on the farm nor in the factory is there the certainty of a continuing livelihood, and thousands of southerners shift each year from farm to mill or mine and back again to farm.

The insecurity of work in southern agriculture, its changes in method, and its changes in location, make the labor problem of the South not simply an industrial labor problem. Neither the farm population nor the industrial workers can be treated separately, because both groups, as a whole, receive too little income to enable their members to accumulate the property that tends to keep people stable. Industrial labor in the South is to a great extent unskilled and, therefore, subject to the competition of recurring migrations from the farm—people who have lost in the gamble of one-crop share farming. On the other hand, the industrial workers, with low wages and long hours, are constantly tempted to return to the farm for another try.

As industries requiring a large proportion of skilled workers have been slow in developing, the unskilled industrial labor in the South is particularly hampered by the competition of unskilled workers from the farms who accept low wages in preference to destitution at home. Much of the South's increase in industrial activity has been brought about by the removal of cotton goods manufacturing plants to the Southeast from higher wage areas in New England. This backbone of southern industry ranks nationally as one of the low-wage manufacturing industries. In the South it pays even lower wages than elsewhere. According to 1937 figures, the pay for the most skilled work in this industry is about 12 cents an hour less in the South than the pay for the same work elsewhere. The figures for the cotton goods industry also show the large number of low-wage workers and the small number receiving high wages in the South. More than half of the workers in southern mills earn under 37.5 cents an hour, although in the rest of the country the industry employs less than 10 percent at such low rates. In the South less than one-tenth of the workers are paid more than 52.5 cents an hour, although one-fourth of the workers in the rest of the Nation's cotton goods industry are paid above this rate.

Similar differentials between the South and other regions are found in lumber, furniture, iron and steel, coal mining, and other industries generally. The influence of the farm population's competition is shown in the unskilled occupations where these wage differentials are widest. The average differential in rates for new labor between the South and the rest of the country in 20 of the country's important industries in 1937 amounted to 16 cents an hour.

In spite of longer working hours, the total annual wages show the same discrepancy. The average yearly pay per person in industry and business in the South in 1935 was $865.41 as compared with $1,219.31 for the rest of the country.

Wage differentials are reflected in lower living standards. Differences in costs of living between the southern cities and cities in the Nation as a whole are not great enough to justify the differentials in wages that exist. In 1935 a study of costs of living showed that a minimum emergency standard required a family income of $75.27 a month as an average for all the cities surveyed. The average of costs in southern cities showed that $71.94 a month would furnish the minimum emergency standard. This would indicate a difference of less than 5 percent in living costs. Industrial earnings for workers are often 30 to 50 percent below national averages.

Low wages and poverty are in great measure self-perpetuating. Labor organization has made slow and difficult progress among the low-paid workers, and they have had little collective bargaining power or organized influence on social legislation. Tax resources have been low because of low incomes in the communities, and they have been inadequate to provide for the type of education modern industry requires. Malnutrition has had its influence on the efficiency of workers. Low living standards have forced other members of workers' families to seek employment to make ends meet. These additions to the labor market tend further to depress wages.

Low wages have helped industry little in the South. Not only have they curtailed the purchasing power on which local industry is dependent, but they have made possible the occasional survival of inefficient concerns. The standard of wages fixed by such plants and by agriculture has lowered the levels of unskilled and semiskilled workers, even in modern and well-managed establishments. While southern workers, when well trained and working under modern conditions, are thoroughly efficient producers, there is not enough such employment to bring the wage levels into line with the skill of the workers.

Unemployment in the South has not resulted simply from the depression. Both in agriculture and industry, large numbers have for years been living only half-employed or a quarter employed or scarcely employed at all. In the problem of unemployment in the South, the relation between agriculture and industry becomes notably clear. Over 30 percent of the persons employed on emergency works programs are farmers and farm laborers, as compared to 15.3 percent for the country as a whole. The insecurity of southern farmers is reflected in these figures. Seasonal wages in agriculture do not provide incomes sufficient to tide workers over the slack seasons. Part-time industrial work does not provide security the year round. As long as the agricultural worker cannot gain assurance of a continuing existence on the farm, he remains a threat to the job, the wages, and the working conditions of the industrial worker.

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SECTION 10

WOMEN AND CHILDREN

Child labor is more common in the South than in any other section of the Nation, and several Southern States are among those which have the largest proportion of their women in gainful work. Moreover, women and children work under fewer legal safeguards than women and children elsewhere in the Nation.

Low industrial wages for men in the South frequently force upon their children as well as their wives a large part of the burden of family support. In agriculture, because of poor land and equipment, entire families must work in order to make their living.

The 1930 census, latest source of comprehensive information on child labor, showed that about three-fourths of all gainfully employed children from 10 to 15 years old worked in the Southern States, although these States contained less than one-third of the country's children between those ages.

Child labor, itself due to low wages for adult workers, is also a source of cheap competing labor, and thus it tends to make wages even lower, hours even longer, and generally to break down labor standards. Child labor, therefore, affects not only the child itself, but it undermines security of adult workers, and thus reacts seriously on the whole community and, indeed, the whole Nation.

The South leads the Nation in the employment of children in both farm and industrial work. One hundred eight out of every 1,000 children between 10 and 15 years old were employed in the South, compared to 47 out of every 1,000 children of these ages in the country as a whole. Only Oklahoma and Virginia, of all the Southern States, employ fewer child workers than the average for the country. Child labor legislation in these 13 States, as in the United States in general, does not apply to agricultural work, but is directed primarily to industrial and commercial employment. In some instances the coverage of the law is restricted to a few types of industrial establishments, and in other instances the laws themselves contain exemptions which greatly weaken their effectiveness. Only North and South Carolina have established a basic minimum age of 16 years for employment. Texas has a 15-year minimum age standard, but it applies only to factory and related employment. The remaining 10 States have a minimum age of 14, but in 8 of the 10 States the laws contain exemptions permitting employment below this age.

The effectiveness of child labor legislation depends upon the provisions for its enforcement. Employment certification and proper inspection are necessary to make such legislation effective. Three of the five States in the country which have not made legal provision for employment certificates are Southern States.

Employment of children affects school attendance. The proportion of children 10 to 15 years of age in the Southern States attending school in 1930 was 90 percent, as compared with 94 percent for the United States as a whole. If consideration were given to the number of days of school attendance, the disparity would appear much greater; the school term generally is shorter in the South than in other sections.

The upper age for compulsory school attendance throughout the rest of the country is generally 16 to 18. However, two Southern States require attendance only to 14, one to 15, and only in two States does the upper age extend above 16 years. All permit exemptions which materially lessen their effectiveness.

In many parts of the South legislation to protect women workers and to establish proper working standards for them has not been well developed. This has had far-reaching effects on the health, the living conditions, and the general well-being of women and their families.

In a region where workers generally are exploited, women are subjected to an even more intense form of exploitation. Many women work more than 50 hours a week in cotton and other textile mills, and in the shoe, bag, paper box, drug, and similar factories in certain Southern States.

The South has two of the four states in the entire Nation that have enacted no laws whatever to fix maximum hours for women workers. Only one of the Southern States has established an 8-hour day for women in any industry. Only four of the Southern States have applied a week as short as 48 hours for women in any industry.

Reports for a number of industries, including cotton manufacturing, have shown wage earners receiving wages well below those estimated by the Works Progress Administration as the lowest which would maintain a worker's family.

Women's wages ordinarily amount to less than men's. However, only two of the Southern States have enacted a law providing a minimum wage for women, though several others are attempting to pass such legislation. Recent pay-roll figures show women textile workers in an important southern textile State receiving average wages 10 percent below the average outside the South. Other figures show that a week's wage of less than $10 was received by more than half the women in one State's cotton mills, and by a large part of the women in the seamless hosiery plants of three States and in the men's work-clothes factories of two States.

Many women, even though employed full time, must receive public aid because their wages are insufficient to care for themselves and their children. The community thus carries part of the burden of these low wages and, in effect, subsidizes the employer.

One condition tending to lower women's wages is the system by which factories "farm out" work to be done in homes. Women have been found at extremely low pay doing such work as making artificial flowers, sewing buttons on cards, clocking hosiery, embroidering children's clothing, stuffing and stitching baseballs. Although this is a relatively recent tendency in the South, there are indications that such work is increasing. Usually the pay is far below that paid in the factory. A study of industrial home work on infants' wear disclosed that the women worked much longer hours than in the factory, though half of them received less than $2.73 for their week's work.

A low wage scale means low living standards, insufficient food for many, a great amount of illness, and, in general, unhealthful and undesirable conditions of life.

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SECTION 11

OWNERSHIP AND USE OF LAND

The farming South depends on cotton and tobacco for two-thirds of its cash income. More than half of its farmers depend on cotton alone. They are one-crop farmers, subjected year after year to risks which would appall the average businessman. All their eggs are in one basket—a basket which can be upset, and often is, by the weather, the boll weevil, or the cotton market.

The boll weevil can be conquered, and weather hazards tend to cancel themselves out as good seasons follow bad; but the cotton market is a sheer gamble. On this gamble nearly 2,000,000 southern families stake their year's work and everything they own. Their only chance of making a living is tied up with the fluctuations of the world price of cotton.

No other similar area in the world gambles its welfare and the destinies of so many people on a single crop market year after year.

The gamble is not a good one. Few other crops are subject to such violent and unpredictable price variations as cotton. In 1927 cotton farmers got 20 cents a pound for their crop; in 1929 they got 16 cents; in 1931 they got 6 cents; in 1933 they got 10 cents. Only once during the last decade did the price of cotton change less than 10 percent between pickings. Three times in 5 years it jumped more than 40 percent—once up and twice down.

Because cotton is the cornerstone of the economy of many parts of the South, the merchants, manufacturers, businessmen, and bankers share the hazards of the farmer. The men who finance cotton farming charge high interest rates because their money is subject to far more than the normal commercial risk. As a result, the mortgage debt of southern farm owners has been growing steadily for the last 20 years. A check-up on 46 scattered counties in the South in 1934 showed that one-tenth of the farm land was in the hands of corporations, mostly banks and insurance companies, which had been forced to foreclose their mortgages.

This process has forced more than half of the South's farmers into the status of tenants, tilling land they do not own. Whites and Negroes have suffered alike. Of the 1,831,000 tenant families in the region, about 66 percent are white. Approximately half of the sharecroppers are white, living under economic conditions almost identical with those of Negro sharecroppers.

The pattern of southern tenancy was set at the end of the War between the States, which left thousands of former slave owners with plenty of land but no capital or labor to work it. Hundreds of thousands of former slaves and impoverished whites were willing to work but had no land. The result was the crop-sharing system, under which the land was worked by men who paid for the privilege with a share of their harvest. It was natural under this system that landowners should prefer to have virtually all the land put in cotton or other cash crops from which they could easily get their money. Consequently, over wide areas of the South cash-cropping, one-crop farming, and tenant farming have come to mean practically the same thing. Diversification has been difficult, because the landlord and tenant usually have not been able to find a workable method of financing, producing, and sharing the return from such crops as garden truck, pigs, and dairy products.

Tenant families form the most unstable part of our population. More than a third of them move every year, and only a small percentage stay on the same place long enough to carry out a 5-year crop rotation. Such frequent moves are primarily the result of the traditional tenure system, under which most renters hold the land by a mere spoken agreement, with no assurance that they will be on the same place next season. Less than 2 percent have written leases which give them security of tenure for more than one year.

Under these circumstances the tenant has no incentive to protect the soil, plant cover crops, or keep buildings in repair. On the contrary, he has every reason to mine the soil for every possible penny of immediate cash return.

The moving habit, moreover, is costly. Most renters merely swap farms every few years without gain to themselves or anybody else. The bare cost of moving has been estimated at about $57 per family, or more than $25,000,000 annually for the tenants of the South. Children are taken out of school in midyear, and usually fall behind with their studies. It is almost impossible for a family constantly on the move to take an active part in community affairs; and, as a consequence, churches and other institutions suffer. For example, in one area of North Carolina where the percentage of tenancy is low, there were 257 churches, with 21,000 members. In a nearby area of high tenancy—with three and one-half times as many people—there were only 218 churches, with 17,000 members.

While it is growing more cotton and tobacco than it can use or sell profitably, the South is failing to raise the things it needs. Southern farmers grow at home less than one-fifth of the things they use; four-fifths of all they eat and wear is purchased.

For example, the region has more than half of the Nation's farm people, yet it raises less than one-third of the Nation's pigs and cattle. Although it has more than a fourth of America's total population, it produces only one-fifth of the country's eggs, milk, and butter, one-seventh of the hay, one-eighth of the potatoes, and one-twelfth of the oats. Consequently the South must either obtain these things from other regions and pay handling and freight charges or do without.

Too many southern families have simply done without, and as a result they have suffered severely from malnutrition and dietary diseases. Many common vegetables are rarities in many southern farming communities, although both soil and climate are extremely favorable to their growth. Production of foodstuffs could be increased manyfold in the South without infringing on the markets of any other region; most of the increased output could, and should, be absorbed by the very farm families producing it.

Because they have concentrated on cash crops, southern farmers have planted relatively little of their land in alfalfa, clover, field peas, and soybeans. These and similar legumes add fertility to the soil and at the same time protect fields against washing and gullying. If widely used, they would help the farmer to protect his investment in his land and take a little of the gamble out of his business.

On the other hand, cotton, tobacco, and corn use up the natural richness of the land with great speed. Fields planted to them year after year wear out and wash away much more quickly than fields on which legumes are planted in rotation with cash crops. Yet 6 acres of southern crop land out of every 10 are planted one season after another in cotton, tobacco, and corn.

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SECTION 12
CREDIT

There has never been enough capital and credit in the South to meet the needs of its farmers and its industry. Its people have been living so close to poverty that the South has found it almost impossible to scrape together enough capital to develop its natural resources for the benefit of its own citizens.

Lacking capital of its own the South has been forced to p 11
borrow from outside financiers, who have reaped a rich 11
harvest in the form of interest and dividends. At the same time it has had to hand over the control of much of its business and industry to investors from wealthier sections.

A glance at the bank reports shows how difficult it has
been for the southern people, whose average income is the p 10,
lowest in the Nation, to build up savings of their own. 14, 15
Although the region contains 28 percent of the country's 16, 17
population, in July 1937, its banks held less than 11 percent of the Nation's bank deposits, or only $150 per capita, as compared with $471 per capita for the rest of the United
States. Savings deposits were less than 6 percent of the p 53
national total. Of the 66 banks having deposits of $100,- 54
000,000 or more only two are in the South, and they barely qualify.

Even these figures do not fully disclose how small a share the South plays in the country's financial life.

p 8, 9
p 35

Southern investment banking firms managed only 0.07 percent of the security issues larger than $1,000,000 which were offered for sale between July 1, 1936, and June 1, 1938—and it is the investment bankers who find the money for virtually all important industries.

p 7, 8
75, 76
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Insurance company funds reflect the same story. Southern companies hold only $756,000,000, or about 2.6 percent, of the $28,418,000,000 of assets held by the Nation's life-insurance companies.

see p 45

p 70–
72

The scarcity of local credit sources results in high interest rates and lays a heavy burden both on individuals and local governments. The average interest paid on southern State, county, and municipal bonds is 4.4 percent, while the rest of the country pays only 3.98. The weighted average interest rates charged by banks in 27 large southern and western cities in June 1938 was 4.14 percent, while for New York City it was only 2.36 percent, and for 8 other northern and eastern cities only 3.38 percent.

p 74

State banks outside the Federal Reserve System, but insured by the Federal Deposit Insurance Corporation, charge average interest rates in the South ranging from 6.5 percent in Virginia to 10.43 percent in Texas and 11.5 percent in Oklahoma. In the New England and the Middle Atlantic States, on the other hand, it is 5.75 percent. In the Mountain States the highest average is 8.5 percent, which is lower than in 5 of the Southern States.

see

8, 9

Banking laws and regulations have contributed still further to the scarcity of southern credit. Ordinarily, banks can make credit available for capital purposes only by the purchase of readily marketable securities. This makes it almost necessary for a security to be listed on an exchange or to have an active over-the-counter market. Locally owned southern industries are usually too small to meet these requirements. Recently these requirements have been liberalized, but it is too early to tell whether the change will be helpful.

Faced with these handicaps, the South has had to look beyond its boundaries for the financing of virtually all of its large industries and many of its small ones. This has turned policy-making powers over to outside managements whose other interests often lead them to exercise their authority against the South's best advantage. For example, many such companies buy most of their goods outside of the South, and often their sales policies are dictated in the interest of allied corporations in other sections of the country.

p7, 11, 13, 23, 24, 29, 30, 31–33, 35–40–70

If the high cost of credit has hampered southern industry, its effect on farming might be illustrated by the remark of Louis XIV: "Credit supports agriculture, as the rope supports the hanged." Almost the only sources of credit for small farmers—aside from Federal agencies—are (1) local banks, (2) landlords, and (3) merchants and dealers.

49, 50ff
p42ff

The banks cannot meet all credit demands, because whatever scant deposits they may have are largest in the fall and winter, after harvest, and smallest in the spring and summer, when the need for farm financing is greatest.

p7, 18
17–22
26–25
31, 49
Annual for bus
pp 3-5
p6

As a result, the majority of southern tenant farmers must depend for credit on their landlords or the "furnish merchant" who supplies seed, food, and fertilizer. Their advances, in fact, have largely replaced currency for a considerable part of the rural population. For security the landlord or merchant takes a lien on the entire crop, which is to be turned over to him immediately after harvest in settlement of the debt. Usually he keeps the books and fixes the interest rate. Even if he is fair and does not charge excessive interest, the tenants often find themselves in debt at the end of the year. This is not necessarily a reflection on the planter-merchant; very often he would like to improve the lot of his tenants but must exploit them in order that he himself may survive.

The credit difficulties of the landlord are only a little less oppressive than those of his tenants. Because he ordinarily stakes everything on a single cash crop—cotton or tobacco—which is subject to wildly fluctuating markets, the landowner is a poor credit risk. Consequently he often must pay interest rates as high as 20 percent, making the rates for tenants range considerably higher.

p6

Attempts to find a remedy through credit unions have met with slight success, although such organizations are spreading. On January 1, 1938, there were 564 Federal credit unions in the South, with 80,530 members and assets totaling $2,851,500. The unions are not evenly distributed throughout the region, however, since Texas alone had 167 while Kentucky had only 4.

Some of the South's credit difficulties have been slightly relieved in recent years by the extension of credit from Federal agencies—to the business man by the Reconstruction Finance Corporation, to the farmer by the Farm Security and Farm Credit Administrations, to municipalities by the Public Works Administration. Many other agencies, ranging from the Works Progress Administration to the Soil Conservation Service, have brought desperately needed funds into the South

The fact remains, however, that the South has not yet been able to build up an adequate supply of credit—the basis of the present-day economic system.

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SECTION 13

USE OF NATURAL RESOURCES

The great natural resources of the South have been exploited with the traditional American regard for cream and disregard for skimmed milk. Perhaps no worse than in the rest of the country, but with serious effect on the South, forests have been girdled, chopped, and burned without regard for their permanent value as timber or as conservers of the soil and rainfall.

Ruthless measures have been used to obtain the best ore, oil, or gas with the least effort. Careless room-and-pillar mining has resulted in the abandonment of untold tons of southern coal in deserted mines. In 1935 the Nation lost through wastage 479,826,000,000 cubic feet of natural gas, not including wastage at the wellheads. The Panhandle section of Texas alone accounted for 67 percent of this extravagant loss. Other sections of the South, similarly guilty, failed to take advantage of inventions which would have saved and used much of their gas.

Because of the poverty in which the South was left after the War between the States, and because of the high cost of credit since that time, a very large share of the natural resources of the South is owned in other regions. To the extent that this is true, the South is exposed to a double danger. On the one hand, it is possible for a monopolistic corporation in another region of the country to purchase and leave unused resources in the South which otherwise might be developed in competition with the monopoly. On the other hand, the large absentee ownership of the South's natural resources and the South's industry makes it possible for residents elsewhere to influence greatly the manner in which the South is developed and to subordinate that development to other interests outside the South.

The public utilities in the South are almost completely controlled by outside interests. All the major railroad systems are owned and controlled elsewhere. Most of the great electric holding company systems, whose operating companies furnish the light, heat, and power for southern homes and industries, are directed, managed, and owned by outside interests. Likewise, the transmission and distribution of natural gas, one of the South's great assets, is almost completely in the hands of remote financial institutions. The richest deposits of the iron ore, coal, and limestone that form the basis for the steel industry in Birmingham are owned or controlled outside of the region. Until recently, too, the Birmingham area was subordinated to the Pittsburgh area as a result of a system of pricing steel which placed it at a tremendous disadvantage. As a result of this disadvantage—that is, because it was more economical for them to be in the areas formerly favored by the artificial price system—the fabrication plants which use most of the steel were not constructed in the Birmingham area. The fact that these fabrication plants are outside of the South will make it hard for the South now to find a ready market for its steel, even though the pricing system has been changed.

Most of the rich deposits of bauxite, from which aluminum is made, are owned or controlled outside the region. Practically all important deposits of zinc ore in the South are owned elsewhere, and the principal zinc-mining company in the Southwest is a subsidiary of a company completely owned and controlled outside of the area of its operation. The South's resources of zinc ore and the South's consumption of zinc paints and metalware are separated by a long northern detour, because absentee ownership and discriminatory freight rates make it cheaper to ship raw materials north for processing than to manufacture them at home.

Over 99 percent of the sulphur produced in the United States comes from Texas and Louisiana. Two extraction companies control practically the entire output. Both are owned and controlled outside the South. One has 15 directors and the other 9, but only 1 member of each board resides in the South.

For mining its mineral wealth and shipping it away in a raw or semifinished form the South frequently receives nothing but the low wages of unskilled and semiskilled labor. The wages for manufacturing this natural wealth into finished products often do not go to southerners, but to workers in other areas; and the profits likewise usually go to financial institutions in other regions. When a southerner buys the finished product, on the other hand, the price he pays includes all the wasteful cross-hauling involved in the present system.

In North Carolina and Tennessee is produced 36 percent of the total ground feldspar of the Nation; but one can look in vain in the South for any important tile, glass, enamel, insulator, or scouring soap industries using this product. Georgia produces 66 percent of the kaolin output of the country and South Carolina 20 percent; but their industries use little of this clay. Kentucky is a ranking fluorspar producer, but practically its entire production is shipped out of the South. The processing of cotton into textiles is the major southern industry; but many of the largest mills are owned outside of the region. Other mills are only recent emigrants from northern locations to the South.

The manufacture of cellulose into artificial silk, or rayon, presents a striking example of absentee ownership. The American Bemberg Corporation, with large mills in Tennessee, uses patents and processes exclusively owned in Germany. Of the company's 14 directors, 5 are German, 3 are Dutch, and 4 are American residents in New York.

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SECTION 14

INDUSTRY

Since the War between the States industry has become in the minds of most Americans a symbol of profit and wealth. Certainly the wealthiest parts of our country are the most industrialized. There has long been a strong "New South" movement striving to achieve for the South the wealth that is supposed to come from industry.

With respect to the manufacture of cotton textiles, the South has come from a subordinate position in 1860 to a dominating position today. It is natural that the South's most outstanding accomplishment in industry should be the processing of its greatest agricultural crop. The cotton manufacturing industry started in the latter part of the nineteenth century with small subscriptions of stock provided, for the most part, by southerners; but when these mills began to compete successfully with the New England mills northern capital was introduced, and later a great many northern mills were shifted to the South.

Earnings on the investment in the southern mills, as indicated by figures for 1933–34, are considerably higher than those in the North, but the wages paid as reported from 1919 to 1933 are considerably less.

During the year 1933 the percentage of the wages to the value added by manufacture was 60.8 percent in five States in New England, as against 55.5 percent in five Southern States.

The development in recent years of the manufacture of cottonseed products has proved valuable to the South. In 1929 the value of these products reached $265,247,000, about half of which was for cottonseed oil. The further development of cottonseed oil for oleomargarine and kindred products has been hampered by taxes, licenses, and other restrictive legislation not only by States outside the region but also by the Federal Government.

The manufacture of cigarettes has become important in North Carolina and Virginia. The iron and coal industries are important in Alabama. The use of the southern forests for many purposes has constantly grown. In January 1938 the South had 38 pulp mills built or being built, with a total investment estimated at some $200,000,000. Many new uses have been found for this pulp, such as the manufacture of building boards, rayon staple fiber, wrapping paper, and quite recently newsprint paper. As the United States is the largest consumer of wood pulp in the world, the development of this industry in the South is significant.

Meager facilities exist in the South for research that might lead to the development of new industries especially adapted to the South's resources. Some new industries have been developing in the South, but others have disappeared.

In addition to absentee ownership and the high cost of credit, the major problem which faces almost all industry in the South is that of freight rate differentials. The present interterritorial freight rates which apply on movements into other areas of many southern manufactured and semifinished goods, and some agricultural products and raw materials, handicap the development of industry in the South. This disadvantage works a hardship particularly with regard to shipments into the important northeastern territory. This region, containing 51 percent of the Nation's population, is the greatest consuming area. The southeastern manufacturer sending goods across the boundary into this region is at a relative disadvantage of approximately 39 percent in the charges which he has to pay as compared with the rates for similar shipments entirely within the eastern rate territory. The southwestern manufacturer, with a 75 percent relative disadvantage, is even worse off. Such a disadvantage applies to the southern shipper even when, distance considered, he is entirely justified on economic grounds in competing with producers within the eastern territory.

In effect, this difference in freight rates creates a man-made wall to replace the natural barrier long since overcome by modern railroad engineering. Both actual and potential southern manufacturers are hampered because attractive markets are restricted by the existence of a barrier that is now completely artificial. The southern producer, attempting to build up a large-scale production on the decreasing cost principle, finds his goods barred from the wider markets in the Nation's most populous area. In marketing his products over the wall he is forced to absorb the differences in freight charges.

Two chief reasons for higher freight rates have disappeared. One was the greater expense of railroading in the South, due to physical difficulties. This has been minimized by modern engineering. Another was the comparative lack of traffic that prevented the spreading of the cost. This no longer is the case, since many important southern roads have as great a traffic density as those above the Ohio River. The operating costs of southern lines today are lower than those in the eastern territory.

The artificial rate structure handicaps the South in its efforts to expand and diversify its industry. For example, under present conditions it is cheaper to concentrate and ship the South's zinc ore to the North, where it is made into metallic zinc, used to coat northern steel, and shipped back to the South for its "tin" roofs and other galvanized ironware, than it is to convert this zinc ore in the South without the economic loss of cross hauling.

An equally serious deterrent to the South's economic development has been the Nation's traditional high tariff policy. The South has been forced for generations to sell its agricultural products in an unprotected world market, and to buy its manufactured goods at prices supported by high tariffs. The South, in fact, has been caught in a vise that has kept it from moving along with the main stream of American economic life. On the one hand, the freight rates have hampered its industry; on the other hand, our high tariff has subsidized industry in other sections of the country at the expense of the South. Penalized for being rural, and handicapped in its efforts to industrialize, the economic life of the South has been squeezed to a point where the purchasing power of the southern people does not provide an adequate market for its own industries nor an attractive market for those of the rest of the country.

Moreover, by curtailing imports, the tariff has reduced the ability of foreign countries to buy American cotton and other agricultural exports. America's trade restrictions, without sufficient expansion of our domestic markets for southern products, have hurt the South more than any other region.

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SECTION 15

PURCHASING POWER

The South is the Nation's greatest untapped market and the market in which American business can expand most easily. The cost of "selling" the South modern conveniences is already being borne, to large extent, since the methods that now sell the rest of the Nation reach the South with little or no extra cost. Radio, movies, periodicals, and other instruments of national scope for acquainting the public with new things have "sold" southerners as they have sold other Americans. There are no language barriers, no geographical obstacles, no tariff walls, no psychological difficulties to be overcome. The people of the South need to buy, they want to buy, and they would buy—if they had the money.

The South has an abundance of the things the Nation needs. Its vast stores of raw materials—forest, mineral, and agricultural; its extensive power resources—water coal, oil, and natural gas; its ample transportation facilities—rail, water, and air—and its varied climate, could make the South a tremendous trader with the rest of the Nation. Its growing population, with vast needs and desires, now largely unfilled, could keep a large part of the rest of the country busy supplying them. Such a relationship would help the South and the rest of the Nation. Both have lost because this relationship does not exist.

The South's people want and need houses, radios, butter, beef, vegetables, milk, eggs, dresses, shirts, shoes. They want and could use the many thousands of things, little and big, that men and machines make to bring health and good living to people. The average southerner with a total income of $315 could spend, without help, twice that amount for the things he needs and needs badly.

A study of southern farm-operating white families not receiving relief or other assistance showed that those whose income averaged $390 spent annually only $49 on the food they bought, $31 on clothing, $12 on medical care, $1 on recreation, $1 on reading, $2 on education. A similar study of southern white village residents showed that those whose incomes were under $750 a year spent 75 cents or more out of every dollar for food, clothing, housing, heating, lighting, and running the house. Only one in four of these families owned an automobile of any description.

Southern people need food. The all too common diet in the rural South of fatback, corn bread, and molasses, with its resulting pellagra and other dietary diseases, is not dictated by taste alone. There is a deficiency in the consumption of necessary foods even among employed, wage-earning families in the cities of the South. The average per capita butter consumption in cities in this region was found to be about half of that in eastern cities and a quarter of that in cities on the Pacific coast. Studies of gainfully employed nonrelief white workers in ten of the largest cities of the South showed that less than two-thirds spent enough money to buy an "adequate diet at minimum cost," as calculated by the Bureau of Home Economics. This same study gives further evidence of underconsumption by wage earners and lower salaried clerical workers. No relief families were studied.

The fact that the families who could spend annually $500 or over per person consumed well over half again as much meat, poultry, fish, and eggs, about four times as much cheese, twice as many tomatoes, 30 percent more bread, and well over twice as much fruit of all kinds as the families who could spend $300 annually per person reveals the possibility of a vastly increased market for foodstuffs of all kinds. The extent of the South's underconsumption of these basic foodstuffs can be estimated from the fact that half of the people of the South have an income of less than $300 a year.

Southern people need clothes. Farm families in Mississippi and Georgia with annual incomes below $250 spent between $19 and $41 for clothing per year. In villages husband-and-wife families not on relief, with incomes of less than $500 a year, spent $14 for the husband's and $15 for the wife's clothing; of these amounts, they spent $3 for shoes and shoe repairs, $1 for coats and other wraps, $1 for hats and caps. Farm families having similar incomes spent $15 for the husband's wardrobe, $12 for the wife's.

One-half of the southern people, and an even larger percent of rural southerners, need new houses. More than 90 percent of the rural families need water piped into their houses; even more need water in their bathrooms; over one-half of their houses need paint, one-third of them need screen on their windows, one-fifth do not even have privies. More than a fourth of the urban households need toilets, many of them need more bedrooms, over one-fifth of the houses are in need of repainting.

Of white nonrelief families in four southern cities with incomes less than $500, over one-third had no indoor running water, almost one-half had no kitchen sink with drain, none had gas or electricity for cooking, none had central heating. Among southern farm families of the same income group, less than 1 percent had an indoor water supply, less than 3 percent had kitchen sinks with drains, 1 percent had indoor toilets, none had electric or gas cooking facilities, and less than 2 percent electric lights.

They need these improvements and they need household equipment. In 33 villages in the Southeast recently surveyed, a smaller percentage of families owned washing, ironing, and sewing machines and vacuum cleaners than families in any of the four other regions studied. Only 2 percent of the white families and 0.3 percent of the Negro families of these southern villages owned washing machines, as compared with 81.2 percent in the Pennsylvania, Ohio, Michigan, Wisconsin, and Illinois villages that were surveyed, and 77.3 percent in a similar group of California, Oregon, and Washington villages. While about the same proportion of southern white villagers had refrigerators as New Englanders, only half as many southern Negro villagers were as fortunate. There was an even greater disparity in these household equipment items between southern farm families and farmers elsewhere in the country. And southern farmers need equipment. They need implements, fencing, and fertilizer.

Northern producers and distributors are losing profits and northern workers are losing work because the South cannot afford to buy their goods.

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